

Copy Application

Molecular Imaging Alliance

CN1304-014

2013 APR 15 PM 3 02

April 15, 2013

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Frost Building, Third Floor
161 Rosa Parks Boulevard
Nashville, Tennessee 37203

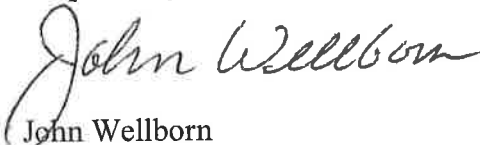
RE: CON Application Submittal
Molecular Imaging Alliance ODC--Change of Location
From Gray to Johnson City (both in Washington County)

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Byron Trauger is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,


John Wellborn
Consultant

2013 APR 15 PM 3 02

**MOLECULAR IMAGING
ALLIANCE**

**CERTIFICATE OF NEED APPLICATION
TO RELOCATE AN EXISTING
OUTPATIENT DIAGNOSTIC CENTER
AND CARDIAC PET SCANNER
FROM
GRAY TO JOHNSON CITY
(WITHIN WASHINGTON COUNTY)**

Filed April 2013

PART A

1. Name of Facility, Agency, or Institution

| | | |
|----------------------------|---------------|-----------------|
| Molecular Imaging Alliance | | |
| <i>Name</i> | | |
| 830 Suncrest Drive | Washington | |
| <i>Street or Route</i> | <i>County</i> | |
| Gray | TN | 37075 |
| <i>City</i> | <i>State</i> | <i>Zip Code</i> |

2. Contact Person Available for Responses to Questions

| | | | |
|--------------------------------|-----------------------|-------------------|-----------------|
| John Wellborn | Consultant | | |
| <i>Name</i> | <i>Title</i> | | |
| Development Support Group | jwdsg@comcast.net | | |
| <i>Company Name</i> | <i>E-Mail Address</i> | | |
| 4219 Hillsboro Road, Suite 203 | Nashville | TN | 37215 |
| <i>Street or Route</i> | <i>City</i> | <i>State</i> | <i>Zip Code</i> |
| CON Consultant | 615-66-2022 | 615-665-2042 | |
| <i>Association With Owner</i> | <i>Phone Number</i> | <i>Fax Number</i> | |

3. Owner of the Facility, Agency, or Institution

| | | |
|-------------------------|--------------|-----------------|
| LifeScan Tennessee, LLC | | |
| <i>Name</i> | | |
| Same as in #1 above | | |
| <i>Street or Route</i> | | <i>County</i> |
| | | |
| <i>City</i> | <i>State</i> | <i>Zip Code</i> |

4. Type of Ownership or Control (Check One)

| | | | |
|---------------------------------|--|--|---|
| A. Sole Proprietorship | | F. Government (State of TN or Political Subdivision) | |
| B. Partnership | | G. Joint Venture | |
| C. Limited Partnership | | H. Limited Liability Company | x |
| D. Corporation (For-Profit) | | I. Other (Specify): | |
| E. Corporation (Not-for-Profit) | | | |

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

5. Name of Management/Operating Entity (If Applicable) **NA**

| | | |
|------------------------|---------------|-----------------|
| | | |
| <i>Name</i> | | |
| | | |
| <i>Street or Route</i> | <i>County</i> | |
| | | |
| <i>City</i> | <i>State</i> | <i>Zip Code</i> |

6. Legal Interest in the Site of the Institution (Check One)

| | | | |
|-----------------------|---|---------------------|--|
| A. Ownership | | D. Option to Lease | |
| B. Option to Purchase | | E. Other (Specify): | |
| C. Lease of 5 Years | x | | |

7. Type of Institution (Check as appropriate—more than one may apply)

| | | | |
|--|--|---|---|
| A. Hospital (Specify): General | | I. Nursing Home | |
| B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty | | J. Outpatient Diagnostic Center | x |
| C. ASTC, Single Specialty | | K. Recuperation Center | |
| D. Home Health Agency | | L. Rehabilitation Center | |
| E. Hospice | | M. Residential Hospice | |
| F. Mental Health Hospital | | N. Non-Residential Methadone | |
| G. Mental Health Residential Facility | | O. Birthing Center | |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | | P. Other Outpatient Facility (Specify): | |
| | | Q. Other (Specify): | |

8. Purpose of Review (Check as appropriate—more than one may apply)

| | | | |
|--|--|---|---|
| | | G. Change in Bed Complement Please underline the type of Change: Increase, Decrease, Designation, Distribution, Conversion, Relocation | |
| A. New Institution | | H. Change of Location | x |
| B. Replacement/Existing Facility | | I. Other (Specify): | |
| C. Modification/Existing Facility | | | |
| D. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify) | | | |
| E. Discontinuance of OB Service | | | |
| F. Acquisition of Equipment | | | |

9. Bed Complement Data**NA*****(Please indicate current and proposed distribution and certification of facility beds.)***

| | Current Licensed Beds | CON approved beds (not in service) | Staffed Beds | Beds Proposed (Change) | TOTAL Beds at Completion |
|--|--------------------------------------|---|-------------------------|---------------------------------------|---|
| A. Medical | | | | | |
| B. Surgical | | | | | |
| C. Long Term Care Hosp. | | | | | |
| D. Obstetrical | | | | | |
| E. ICU/CCU | | | | | |
| F. Neonatal | | | | | |
| G. Pediatric | | | | | |
| H. Adult Psychiatric | | | | | |
| I. Geriatric Psychiatric | | | | | |
| J. Child/Adolesc. Psych. | | | | | |
| K. Rehabilitation | | | | | |
| L. Nursing Facility (non-Medicaid certified) | | | | | |
| M. Nursing Facility Lev. 1 (Medicaid only) | | | | | |
| N. Nursing Facility Lev. 2 (Medicare only) | | | | | |
| O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid) | | | | | |
| P. ICF/MR | | | | | |
| Q. Adult Chemical Dependency | | | | | |
| R. Child/Adolescent Chemical Dependency | | | | | |
| S. Swing Beds | | | | | |
| T. Mental Health Residential Treatment | | | | | |
| U. Residential Hospice | | | | | |
| TOTAL | | | | | |

10. Medicare Provider Number: 3790000**Certification Type: Outpatient Diagnostic Center****11. Medicaid Provider Number: 3790000****Certification Type: Outpatient Diagnostic Center****12. & 13. See page 4**

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing licensed facility that participates in both Medicare and TennCare/Medicaid.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

| Table One: Contractual Relationships with Service Area MCO's | |
|---|---------------------------------|
| Available TennCare MCO's / Medicaid | Applicant's Relationship |
| BlueCare | contracted |
| United Community Healthcare Plan (formerly AmeriChoice) | contracted |
| TennCare Select | contracted |
| Virginia Medicaid | contracted |

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

- Molecular Imaging Alliance, a licensed Outpatient Diagnostic Center (“ODC”) in Gray, Tennessee (northwest Washington County) is the only cardiac PET facility in Upper East Tennessee. This application is to relocate to a smaller office space in the same county. Its current address is 830 Suncrest Drive, Gray, TN; the proposed address is 701 North State of Franklin Road, Johnson City, TN. It will be a move of only 10.6 miles to the east, within Washington County.
- The project will not change the project service area, or the facility’s scope of services. The current location has two leased cardiac PET scanning systems; at the new location the ODC will downsize to one cardiac PET system.

Ownership Structure

- Molecular Imaging Alliance is owned by LifeScan Tennessee, LLC. That entity is now wholly owned by Mr. Rob Gregory of Johnson City, as of the end of CY2012. The LLC owns no interest in any other health facility. Ownership will not change again as a result of this relocation.

Service Area

- This ODC was granted CON approval in CY2007, to provide cardiac PET services to all of Upper East Tennessee. It has been doing that for more than five years. In this relocation, it will not be serving any counties it has not always served.

Need & Existing Resources

- The ODC’s utilization has increased at a compound growth rate of approximately 17% annually since 2009. However, its new owner recognizes that patient demand for its cardiac studies can be met with just one PET system. So the ODC proposes to downsize to only one PET system, which will allow it to lease a smaller space. The best place for the ODC to move is close to Johnson City Medical Center, with its growing numbers of medical specialists who want to refer to a cardiac diagnostic service like this, if it is located close enough for them to take their patients to it.
- This facility offers the only cardiac-specific PET system in Upper East Tennessee. It serves patients from throughout the region, including southwest Virginia.

Project Cost

- The cost for CON purposes, which includes an estimation of the value of leased space, is \$495,339. But the actual capital cost for moving the PET system and renovating the proposed site will be only \$204,500.

Funding

- The actual capital cost will be funded by a local bank.

Financial Feasibility

- Even at a rate of growth much less than the average growth since 2009, this service will operate with a positive margin from the time it opens. It is an established enterprise with no cash flow issues to confront while waiting for a new provider number from Medicare. It is licensed, accredited, certified, contracted with Medicare and TennCare/Medicaid, and well known in the local acute care community.

Staffing

- No additional staff are required. The ODC functions under the medical supervision of Dr. Jeffrey Schoondyke, and the cardiac studies are performed with the assistance of an RN and a nuclear medicine tech.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.*) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

The Applicant

The applicant, Molecular Imaging Alliance, now located at 830 Suncrest Drive, Gray, TN (in western Washington County), is a licensed Outpatient Diagnostic Center ("ODC") with two (2) cardiac PET scanning systems. As the only cardiac PET provider in the entire region, Molecular Imaging Alliance has been providing cardiac PET scanning services to Upper East Tennessee and southwest Virginia since November 2007, pursuant to CON approval. It leases both its cardiac PET systems from LifeScan Leasing of Tennessee, LLC, an equipment vendor.

Scope of the Project

In this application, the applicant proposes to relocate with only one of its two leased cardiac PET systems (a GE Advance Nx system) 10.6 miles to the east, within Washington county. The proposed new location is in Johnson City, very close to Johnson City Medical Center. There, it will be more convenient to patients referred from the Johnson City medical community and will be adjacent to its largest referral source, Karing Hearts Cardiology, PLLC (the practice of Jeffrey W. Schoondyke, M.D.). The equipment leasing company intends to sell the second cardiac PET unit that has been operating at Molecular Imaging Alliance.

(Note: Wellmont Cardiology Services, Inc. ("WCS"), a not-for-profit corporation and physician group practice, whose sole owner is Wellmont Health System, is filing a simultaneous CON application to purchase from the equipment leasing vendor the other cardiac PET scanner system at Molecular, and to relocate it from Gray to Kingsport in adjoining Sullivan County.)

Location and Design of the Project

In Johnson City, the applicant will occupy Suite 1 on the ground floor end of the “701” Building at 701 North State of Franklin Road, Johnson City, TN 37604. That 4,214 square foot suite currently is vacant, but is under lease to Karing Hearts Cardiology, PLLC, the medical practice in adjoining Suite 2. Karing Hearts Cardiology will sublet Suite 1 to Molecular’s owner, LifeScan Tennessee, LLC, which will renovate the suite as an Outpatient Diagnostic Center for cardiac PET scanning, using the GE system being moved from Gray. That system will continue to be leased from LifeScan Leasing of Tennessee, LLC. No change of ownership of the PET system is proposed.

No new construction is required. As indicated in the tables below, the project requires 847 SF of renovation. The finished ODC will have 4,214 SF of space, including several rooms being held for future expansion. Its total leasehold will be 4,214 SF.

The ODC will contain a cardiac PET camera room with an adjoining control room, a nuclear medicine “hot lab”, a patient prep/uptake bathroom, a patient/visitor bathroom, a reception and waiting area with administrative space, and ample expansion space for future years. The cardiac PET camera room, nuclear medicine room, and patient prep/uptake bathroom are expensive to renovate, due to the need for radiation shielding in their walls. The relocated ODC will continue to meet all licensing standards in its construction and operation. At Gray, the ODC is currently accredited for Nuclear Medicine/Positive Emission Tomography (PET) services by the Intersocietal Accreditation Commission (IAC). That accreditation will be maintained at the proposed new site. A floor plan for the relocated ODC is provided in Attachment B.IV. at the back of this application.

| Table Two-A: Summary of Construction and Changes in Size | |
|---|--------------------------|
| | Total Square Feet |
| Facility Before Project (2 card. PET units) | na |
| Facility After Project (1 card. PET unit) | 4,214 SF |
| Net Increase in Size (%) | na |
| Area of New Construction | 0 |
| Area of Buildout or Renovation | 847 SF |
| Total New & Renovated Construction | 847 SF |

| Table Two-B: Construction Costs of This Project | | | |
|--|--------------------------------|-------------------------|----------------------|
| | Renovation Construction | New Construction | Total Project |
| Square Feet | 847 SF | 0 | 847 SF |
| Construction Cost | \$150,000 | 0 | \$150,000 |
| Constr. Cost PSF | \$177 | 0 | \$177 |

Implementation Schedule and Hours of Operation

If granted CON approval by July 2013, this relocation project can be open for patient service by January 1, 2014. The current hours of operation (scheduled service) for the ODC in Gray are from 7 AM to 5 PM, on weekdays. This schedule will continue at the Johnson City location.

Project Cost and Financing

The project's cost for CON review purposes--which includes the value of leased space--is estimated at \$495,339. LifeScan's actual capital cost (for project design, construction, equipment, and the CON process) will be \$204,500. This amount is available from a local bank (please see the bank's confirmation letter in the Attachments).

Ownership

Ownership of the ODC, its cardiac PET scanning service, and the equipment leasing company will not be changed. The ODC and PET service are already licensed to the CON applicant--LifeScan Tennessee, LLC, a Delaware limited liability company whose sole member is Robert Gregory, a Tennessee resident.

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART....

Not applicable.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

ODC renovation projects completed in 2008-2012 ranged from \$52-\$196 PSF construction cost, according to data from the HSDA Registry. See Table Three-A below. Although the HSDA Registry did not compile a similar table for 2008-2012 due to the small number of ODC projects (5) completed in 2012, the Registry has supplied construction cost data for those five projects; see Table Three-B below.

LifeScan's projected renovation cost of \$177 PSF for this very small space is consistent with the range of costs shown in these tables. A very small project like this can be expected to show a relatively high cost per SF compared to larger projects, because larger projects can spread the site mobilization and related fixed costs over a larger square footage, when calculating costs PSF.

| Table Three-A: Outpatient Diagnostic Center Construction Cost PSF Years: 2008-2010 | | | |
|---|---------------------------|---------------------|-----------------------|
| | Renovated Construction | New Construction | Total Construction |
| 1 st Quartile | \$51.55/sq ft | none | \$51.55/sq ft |
| Median | \$122.15/sq ft | none | \$122.15/sq ft |
| 3 rd Quartile | \$196.46/sq ft | none | \$196.46/sq ft |

Source: HSDA Registry. CON approved applications for years 2008 through 2010

| Table Three-B: Outpatient Diagnostic Center Construction Cost PSF Years: 2012 | | | |
|--|------------------------------------|--------------------|------------------------------|
| CON | ODC / Provider | Renovation Area | Construction Cost / sq ft |
| CN09808-044 | ImagDent of Memphis | 1,746 SF | \$51.55/sq ft |
| CN1010-046 | Murfreesboro Diagnostic Imaging | 9,587 SF | \$122.15/sq ft |
| CN1010-047 | Cleveland Imaging | 911 SF | \$269.91/sq ft |
| CN1103-008 | E. TN Community Open MRI | 795 SF | \$160.38/sq ft |
| CN1110-039 | St. Thomas OP Imaging | 7,737 SF | \$159.69/ sq ft |

Source: HSDA Registry. CON approved ODC projects completed in 2012 (all renovation).

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Not applicable; no inpatient beds are affected by the project.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

1. ADULT PSYCHIATRIC SERVICES
2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS
3. BIRTHING CENTER
4. BURN UNITS
5. CARDIAC CATHETERIZATION SERVICES
6. CHILD AND ADOLESCENT PSYCHIATRIC SERVICES
7. EXTRACORPOREAL LITHOTRIPSY
8. HOME HEALTH SERVICES
9. HOSPICE SERVICES
10. RESIDENTIAL HOSPICE
11. ICF/MR SERVICES
12. LONG TERM CARE SERVICES
13. MAGNETIC RESONANCE IMAGING (MRI)
14. MENTAL HEALTH RESIDENTIAL TREATMENT
15. NEONATAL INTENSIVE CARE UNIT
16. NON-RESIDENTIAL METHADONE TREATMENT CENTERS
17. OPEN HEART SURGERY
18. POSITIVE EMISSION TOMOGRAPHY
19. RADIATION THERAPY/LINEAR ACCELERATOR
20. REHABILITATION SERVICES
21. SWING BEDS

Not applicable. This is an existing cardiac PET service that is only changing its location. Its service area will not change. It has been reviewed and approved in the CON process already, and has been implemented and providing patient care at the originally approved location for more than five years.

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

Cardiac PET Scanning Technology -- Distinguished from Conventional PET/CT

Cardiac PET studies and conventional PET/CT studies are both types of nuclear medicine tests, in which faintly radioactive substances with short half-lives are injected into the patient, revealing important diagnostic information as they move through the

body and are tracked and measured on imaging equipment and computers. However, cardiac PET and conventional PET/CT studies differ significantly in several ways.

First, they differ in their scope of use. Conventional PET/CT units are almost entirely devoted to oncology and neurology studies (although they can be fitted with a software/hardware retrofit to do cardiac PET procedures). Cardiac PET systems are used for two purposes currently. One purpose is to identify blockages or circulation defects in heart arteries ("myocardial perfusion studies"). These studies provide such good diagnostic information that many patients can avoid having a subsequent diagnostic cardiac catheterization examination, which is an invasive surgical procedure that costs more and imposes higher risks. The other purpose is to measure "myocardial viability" in patients with left ventricular dysfunction, to determine their candidacy for revascularization (arterial graft surgery). The cardiac PET test can show whether the heart tissue at the proposed site of surgery is too compromised to sustain and maintain an arterial graft. If it is, the patient can be spared an expensive, uncomfortable, and ultimately ineffective major surgery.

A second difference between conventional PET/CT and cardiac PET is their cost; a cardiac PET system is much less expensive.

A third difference is that cardiac PET technology uses only two radiopharmaceuticals at the present time: either ammonia (N-13) or rubidium (R-82). The first has a half-life of only 10 minutes. The second has a half-life of only 75 seconds. This means that as a practical matter, the radiopharmaceutical supplier must be within a short drive of the cardiac PET unit, if not in the same building or room. The LifeScan units have been using N-13, supplied by a cyclotron in their same building in Gray. The supplier can continue to provide N-13 to both scanners when they move to Kingsport and Johnson City, merely by manufacturing sufficient amounts of N-13 so that the required dosage is sufficient by the time it is administered. For example, if the delivery trip time plus administration of the pharmaceutical take 30 minutes, then an amount with the strength of eight doses of N-13 might be sent, so that after its radioactivity diminishes by 50% every 10 minutes, 1 full dose will remain available for injection. ("Dose" here is used in an illustrative sense; a patient may receive two doses as defined by nuclear medicine protocols.)

The Need to Relocate from Gray to Johnson City

The applicant ODC is currently located in Gray, Tennessee, in the far western part of Washington County. The referring physicians who generate most of its utilization are based in Johnson City, in eastern Washington County.

There are two reasons for changing location of this ODC. First, the applicant seeks to improve its physical accessibility to referring physicians, who must be at the ODC for medical supervision during their patients' cardiac PET scans. Being in Johnson City will shorten drive times for the majority of the ODC's patients and physicians. For example, the average drive time from Johnson City Medical Center to Gray is 12.3 miles (18 minutes), whereas the drive time from the Medical Center to the proposed site at 701 State of Franklin Road in Johnson City is only 0.8 miles (2 minutes). Round-trip savings for the physician coming from the Medical Center area will be approximately half an hour each time. In fact, the largest single referral practice for this service is Dr. Jeffrey Schoondyke's practice in the adjoining Suite 2 of the 701 Building. With the new site adjacent to his practice office, Dr. Schoondyke and his patients can walk next door for the scan, saving drive time and making it more productive for both of them.

The second reason to move is to lease a smaller space. Molecular Imaging Alliance now operates two cardiac PET systems that require extensive floor space. Molecular has determined that one cardiac PET unit will be sufficient for its referrals for the foreseeable future, and has arranged for its equipment vendor, LifeScan Leasing LLC, to sell the second unit to physicians at Wellmont Health System, when this relocation project receives CON approval. With only one cardiac PET system, Molecular can then move to smaller space. If such a relocation must occur, it makes sense to move to where most of the ODC's current and potential demand is concentrated--in Johnson City. And it makes sense to lease competitively priced space adjacent to a growing cardiology practice that is already the ODC's largest source of referrals.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

1. For fixed site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total Cost (As defined by Agency Rule);
 2. Expected Useful Life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
 - b. Provide current and proposed schedule of operations.
2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost;
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable. The applicant already leases and operates this cardiac PET scanner, which has served patients of this area for several years. It has already been reviewed and approved in a CON process. However, as a matter of information:

- The PET scanner being relocated is a GE cardiac PET scanner system including the camera, workstation, software, water chiller unit, lead door, in-lab furniture, and miscellaneous items in the lab and control room.
- The PET system's cost/value, as established by a third party evaluation, is approximately \$350,000.
- Its expected useful life is ten years.
- It will perform cardiac PET examinations for both perfusion and blockage evaluations.
- Its current hours of operation in Gray are 7 am to 5 pm weekdays; this schedule will be maintained at its proposed new location in Johnson City.
- The applicant leases the system; a copy of the lease applicable to this relocation is included in the Attachments.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

- 1. SIZE OF SITE (IN ACRES);**
- 2. LOCATION OF STRUCTURE ON THE SITE;**
- 3. LOCATION OF THE PROPOSED CONSTRUCTION; AND**
- 4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.**

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The project site is very accessible to this ODC's service area. Johnson City is the largest community in Washington County and is a tertiary healthcare referral destination, well known to patients living throughout the service area. The project site is reasonably accessible to all parts of upper East Tennessee by Federal and State highways. It is within minutes of I-26, which connects quickly to I-81, the major east-west highway in that region. US Highways 23 and 321, and Highways 67, 173, and 37 also provide access to other parts of the primary service area. Table Four below shows the average distances and drive times to principal cities in the project's primary service area.

| Table Four: Mileage and Drive Times Between Project and Major Communities in the Primary Service Area | | | |
|--|---------------|-----------------|-------------------|
| From project at 701 N. State of Franklin Road, Johnson City, to: | County | Distance | Drive Time |
| 1. Elizabethton | Carter | 12.8 mi. | 23 min. |
| 2. Erwin | Unicoi | 18.2 mi | 24 min. |
| 3. Greeneville | Greene | 29.2 mi. | 38 min. |
| 4. Kingsport | Sullivan | 23.5 mi. | 29 min. |
| 5. Johnson City Med. Center (central Johnson City) | Washington | 0.8 mi. | 2 min. |

Source: Google Maps, April 2013.

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

- 1. EXISTING SERVICE AREA (BY COUNTY);**
- 2. PROPOSED SERVICE AREA (BY COUNTY);**
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;**
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND**
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.**

Not applicable. The application is not for a home care organization.

C(I) NEED

C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.

A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.

B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

Project-Specific Review Criteria: PET Scanners

The State Health Plan contains CON review criteria for PET scanners. The applicant believes that responses to those criteria should not be required for this project. They were intended to guide review of proposed new PET units in a service area, i.e., projects in which an additional PET is proposed for an area, or in which a prior approved PET is proposing a relocation that will result in a new service area.

Neither factor is present in this project. This project is to relocate an existing cardiac PET system, not to add a system to the area. The relocation is within the same county, and at the new location, the ODC and cardiac PET system will serve only counties that they are already serving from Gray. The ODC already received prior CON approval to serve those counties, and has done so for more than five years. A re-evaluation of this service under the PET Guidelines would not be meaningful for this particular change of ownership and location. The applicant requests that responses to these criteria not be required.

Project-Specific Review Criteria: Construction, Renovation, Expansion, and Replacement of Health Care Institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Not applicable. No new services, beds, or medical equipment are part of this application. The medical equipment (cardiac PET scanning system) in the project has been operating with CON approval for more than five years. This application is only to change its location within the same service area.

2. For relocation or replacement of an existing licensed healthcare institution:

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

Not applicable. The applicant does not own the space now occupied for this ODC. The space is excessive in light of future needs. Smaller leased space must be obtained. There is no option other than relocation.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Over the period 2009-2012, utilization of the applicant's ODC increased more than 17% per year (compound annual growth rate or CAGR). See Section C(I)5 of the application. The applicant is projecting continued utilization increases of 10% annually from CY2013-CY2015. Both current and future demand for cardiac PET service are strong, justifying continuation of the service, but in a smaller leased space to lower expenses and strengthen the ODC's financial feasibility.

3. For renovation or expansion of an existing licensed healthcare institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

b. the applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Not applicable; this is neither a renovation nor an expansion project.

General Criteria for Change of Site

(4) **Applications for Change of Site.** When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, the Agency may consider, in addition to the foregoing factors, the following factors:

(a) *Need.* The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed site.

(b) *Economic Factors.* The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.

(c) *Contribution to the orderly development of health care facilities and/or services.* The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

Criterion #4 is not applicable. This is not a proposed new healthcare institution. It is an existing one, proposing to relocate.

The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans. Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

This project reflects a cooperative effort by the Molecular Imaging Alliance ODC in Gray, and Wellmont Cardiology Services, to separate the two underutilized PET units now at Molecular's ODC, and to move them closer to the region's two largest concentrations of patients and cardiologists needing that service. The relocation of the two units into the medical care centers of the region will greatly improve patient and supervising physician access to this testing modality, which in turn will increase its utilization, providing improved diagnostic information and significant cost savings in terms of subsequent interventional care.

2. Access to Care

Every citizen should have reasonable access to health care. Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

Geography has been a barrier to optimal use of the cardiac PET scanning systems at this ODC in Gray. The ODC is located miles outside the medical centers of the service area, making it less accessible for patients and physicians and limiting its use. This project and its companion project in Kingsport will address that issue, improving access over what it is today.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

This is an opportunity for the State regulatory system to assist providers in making a needed service more accessible, so that its technology can be more completely and efficiently utilized.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

The project will bring this modality much closer to its current and potential users (cardiologists and their patients in Johnsons City). That will make it more readily, efficiently accessible. The applicant believes that increased accessibility to cardiac PET scanning will increase its use, leading to better diagnostic data which can improve diagnosis and intervention for this large group of patients.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

The project is neutral with respect to training of health professionals. It is not a training/rotation site for any schools at the present time. The applicant would welcome such an affiliation, should it be offered.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

The applicant is not a hospital and does not prepare its own long-range campus or development plan.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

The cardiac PET service area will continue to reflect the patient origin of Molecular Imaging Alliance ODC in CY2012. Table Five on the next page shows the CY2012 primary service area counties for the ODC, and projects county-level cardiac PET patient origin for the primary service area in Years One and Two of the project. These five counties generated 89% of the cardiac PET service's patients in CY2012.

More than 49% of all patients served were residents of Washington County, where the ODC is now, and proposes to remain. Almost 40% came from adjoining Carter, Unicoi, Greene, and Sullivan Counties. Approximately 6% were from several (unidentified) southwest Virginia counties. Another 4% came from Johnson, Hawkins, Claiborne, and Grainger Counties in Tennessee. The remaining patients, less than 1%, came from four other States.

| Table Five: Patient Origin Molecular Imaging Alliance (Lifescan) Cardiac PET Scans CY2012 / CY2014-CY2015 | | | | | |
|--|--|-----------------------------|--|---|---|
| County | ODC Patients / Scans CY2012 | Percent of Total | Cumulative Percent of Total | CY2014 Cardiac PET Scans | CY2015 Cardiac PET Scans |
| Washington | 330 | 49.4% | 49.4% | 399 | 439 |
| Carter | 119 | 17.8% | 67.2% | 144 | 158 |
| Unicoi | 54 | 8.1% | 75.3% | 65 | 72 |
| Greene | 52 | 7.8% | 83.1% | 63 | 69 |
| Sullivan | 40 | 6.0% | 89.1% | 48 | 53 |
| <i>Primary Service Area Subtotal</i> | <i>595</i> | <i>89.1%</i> | | <i>720</i> | <i>792</i> |
| <i>4 other TN Counties and 4 other States</i> | | <i>0.0%</i> | | <i>88</i> | <i>97</i> |
| <i>Grand Total</i> | <i>668</i> | <i>100.0%</i> | | <i>808</i> | <i>889</i> |

Source: Cardiac PET scan patient origin from ODC records; projections by ODC management.

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Table Six, following this page, provides the demographic profile for the five Tennessee counties in this project's primary service area. Basically, area residents are somewhat older and lower income than the State average.

The counties in the primary service area (all in Tennessee) have a median age of 42.5 compared to the State median age of 37.8; and almost 18% of area residents are elderly compared to almost 14% Statewide. In addition, the service area's elderly population is projected to increase 8.6% in size over the next four years. The aging of the population will continue to increase the need for high-quality, accessible, affordable cardiac care in this area. This project helps meet all three needs.

Also, the service area's median income of \$37,280 is 14% below the State average; and more of the residents live below poverty level (19.6%) than the State average of 16.5%. The service area's TennCare population is 17.7% of all residents, compared to 19% Statewide. The project will be accessible to low-income residents of the service area. Approximately 59% of patients served by the project will be Medicare or Medicaid/TennCare enrollees (55% Medicare; 4% TennCare).

| Table Six: Demographic Characteristics of Primary Service Area Counties Molecular Imaging Alliance Cardiac PET ODC (LifeScan) 2013-2017 | | | | | | | |
|---|----------------------|------------------|------------------|------------------|--------------------|----------------------------|-----------------------|
| Demographic | Washington County | Carter County | Unicoi County | Greene County | Sullivan County | PRIMARY SERVICE AREA | STATE OF TENNESSEE |
| Median Age-2010 US Census | 39.3 | 42.2 | 44.9 | 42.6 | 43.6 | 42.5 | 37.8 |
| Total Population-2013 | 120,136 | 60,119 | 17,903 | 68,390 | 154,387 | 420,935 | 6,361,070 |
| Total Population-2017 | 123,276 | 60,700 | 17,982 | 69,636 | 154,946 | 426,540 | 6,575,165 |
| Total Population-% Change 2013 to 2017 | 2.6% | 1.0% | 0.4% | 1.8% | 0.4% | 1.3% | 3.4% |
| Age 65+ Population-2013 | 19,303 | 10,176 | 3,597 | 12,146 | 29,471 | 74,693 | 878,496 |
| % of Total Population | 16.1% | 16.9% | 20.1% | 17.8% | 19.1% | 17.7% | 13.8% |
| Age 65+ Population-2017 | 21,430 | 10,978 | 3,874 | 13,173 | 31,683 | 81,138 | 987,074 |
| % of Population | 17.4% | 18.1% | 21.5% | 18.9% | 20.4% | 19.0% | 15.0% |
| Age 65+ Population- % Change 2013-2017 | 11.0% | 7.9% | 7.7% | 8.5% | 7.5% | 8.6% | 12.4% |
| Median Household Income | \$42,104 | \$32,148 | \$35,265 | \$36,310 | \$40,572 | \$37,280 | \$43,314 |
| TennCare Enrollees (12/12) | 19,002 | 11,353 | 3,590 | 12,877 | 27,451 | 74,273 | 1,205,480 |
| Percent of 2012 Population Enrolled in TennCare | 15.8% | 18.9% | 20.1% | 18.8% | 17.8% | 17.6% | 19.0% |
| Persons Below Poverty Level (2012) | 20,784 | 13,226 | 3,706 | 14,772 | 25,474 | 77,962 | 1,049,577 |
| Persons Below Poverty Level As % of Population (US Census) | 17.3% | 22.0% | 20.7% | 21.6% | 16.5% | 19.6% | 16.5% |

Sources: TDH Population Projections, Feb. 2008; U.S. Census QuickFacts and FactFinder2;
TennCare Bureau. PSA data is unweighted average or total of county data.
NR means not reported in U.S. Census source document.

C(1).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

The applicant has been the service area's sole provider of cardiac PET scanning for more than five years, and has demonstrated accessibility to these consumer groups. More than half (59%) of this ODC's patients in CY2012 were Medicare or TennCare/Medicaid. The ODC will continue to be accessible to these groups at its new location. The ODC's previous owners (ownership changed in late CY2012) provided a limited amount of charity care; under current management the amount is projected to increase to 2% of gross charges. The ODC's current management does not put patient bills out to collection, but rather works with each patient to pay as he or she is able.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

The applicant's ODC in Gray operates the only cardiac PET systems in Upper East Tennessee. Table Seven below shows its historic utilization from 2009 to 2012. Its growth has been exceptionally strong despite its remote location midway between the region's two largest medical care centers. Over the period 2009-2012, utilization of the service increased more than 17% per year (compound annual growth rate or CAGR).

| Table Seven: Utilization of Molecular Imaging Alliance Cardiac PET 2009-2012 | | | | |
|---|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 |
| Procedures | 411 | 342 | 514 | 668 |
| % Annual Change | -- | - 16.8% | +50.3% | +30.0% |
| Numeric Annual Change | -- | -69 | +172 | +154 |
| % Change 2009-2012 | -- | -- | -- | +62.5% |
| Numeric Change 2009-12 | -- | -- | -- | +257 |
| Compound Annual Growth Rate 2009-2012 | -- | -- | -- | >17% |

Source: HSDA Registry 2009-11; Molecular Imaging Alliance records, 2012.

C(D).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Repeated from the previous response, Table Seven below shows the applicant ODC's historic utilization from 2009 to 2012. Its growth has been exceptionally strong despite its remote location midway between the region's two largest medical care centers. Over the period 2009-2012, utilization of the service increased more than 17% per year (compound annual growth rate or CAGR).

| Table Seven: Utilization of Molecular Imaging Alliance Cardiac PET 2009-2012 | | | | |
|---|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 |
| Procedures | 411 | 342 | 514 | 668 |
| % Annual Change | -- | - 16.8% | +50.3% | +30.0% |
| Numeric Annual Change | -- | -69 | +172 | +154 |
| % Change 2009-2012 | -- | -- | -- | +62.5% |
| Numeric Change 2009-12 | -- | -- | -- | +257 |
| Compound Annual Growth Rate 2009-2012 | -- | -- | -- | >17% |

Source: HSDA Registry 2009-11; Molecular Imaging Alliance records, 2012.

Table Eight below shows the applicant's projected utilization in the first two calendar years of this project's operation at the proposed Johnson City site. It is conservatively projected to increase at 10% annually (compound annual growth rate or CAGR) from 2012 through 2015. This is a much slower rate of increase than the 17% annual growth rate experienced since 2009.

| Table Eight: Projected Utilization of Molecular Imaging Alliance Cardiac PET 2012-2015 | | | | |
|---|---------------|---------------|---------------|---------------|
| | CY2012 | CY2013 | CY2014 | CY2015 |
| Procedures | 668 | 735 | 808 | 889 |
| Annual Change | -- | +10% | +10% | +10% |

Source: ODC management.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- **ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.**

- **THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.**

- **THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.**

- **FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.**

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

On the Project Costs Chart, following this response:

Line A.1, A&E fees, were estimated by the project architect.

Line A.2, legal, administrative, and consultant fees, include costs for the CON process and legal services during project planning.

Line A.5, construction cost, was calculated at only \$150,000, for renovation (including shielding) of 847 SF of the 2,414 SF space that will be leased.

Line A.6, contingency, was estimated by the architect, and represents 5% of construction costs in line A.5.

Line A.7 includes for fixed and moveable equipment indicates no costs because this project will relocate an entire cardiac PET system and all related equipment and room furnishings to the new site.

Line A.9 includes such costs as miscellaneous minor equipment and furnishings, miscellaneous fees and overhead, and moving expenses.

Line B.1, \$290,839, is the fair market value of the facility being leased, calculated in the two alternative ways required by staff rules. The pro rata market value of the space in the building exceeded the lease outlay, and was entered in this line of the Project Cost Chart as required by staff rules.

Lease Outlay Method:

5 years first lease term X 2,414 SF X \$11.75 PSF lease rate = \$141,943.20
lease outlay over first term.

Pro Rata Building Value Method:

2,414 SF project / 23,000 SF total building X \$2,771,044 recent sale price of the building = \$290,839 pro rata value of the space to be leased

PROJECT COSTS CHART -- MOLECULAR IMAGING ALLIANCE--CARDIAC PET ODC CHANGE OF SITE

A. Construction and equipment acquired by purchase

| | | |
|---|----|---------|
| 1. Architectural and Engineering Fees | \$ | 11,000 |
| 2. Legal, Administrative, Consultant Fees (Excl CON Filing) | | 30,000 |
| 3. Acquisition of Site | | 0 |
| 4. Preparation of Site | | 0 |
| 5. Construction Cost | | 150,000 |
| 6. Contingency Fund | | 7,500 |
| 7. Fixed Equipment (Not included in Construction Contract) | | 0 |
| 8. Moveable Equipment (List all equipment over \$50,000) | | 0 |
| 9. Other (Specify) <u>moving expenses</u> | | 1,500 |
| <u>misc office equipment/furnishings</u> | | 1,500 |

B. Acquisition by gift, donation, or lease:

| | | |
|--|-------------------|---------|
| 1. Facility (inclusive of building and land) | FMV-Building Area | 290,839 |
| 2. Building only | | 0 |
| 3. Land only | | 0 |
| 4. Equipment (Specify) _____ | | 0 |
| 5. Other (Specify) _____ | | 0 |

C. Financing Costs and Fees:

| | |
|--|---|
| 1. Interim Financing | 0 |
| 2. Underwriting Costs | 0 |
| 3. Reserve for One Year's Debt Service | 0 |
| 4. Other (Specify) _____ | 0 |

D. Estimated Project Cost (A+B+C)

492,339

E. CON Filing Fee

3,000

F. Total Estimated Project Cost (D+E)

TOTAL \$ 495,339

Actual Capital Cost 204,500
Section B FMV 290,839

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).

 x **A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;**

 B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

 C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

 D. Grants--Notification of Intent form for grant application or notice of grant award;

 E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or

 F. Other--Identify and document funding from all sources.

The applicant has arranged for bank loan financing for the actual capital cost of the project, which is \$204,500. Documentation of financing is provided in Attachment C, Economic Feasibility--2.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

ODC renovation projects completed in 2008-2012 ranged from \$52-\$196 PSF construction cost, according to data from the HSDA Registry. See Table Three-A below. Although the HSDA Registry did not compile a similar table for 2008-2012 due to the small number of ODC projects (5) completed in 2012, the Registry has supplied construction cost data for those five projects; see Table Three-B below.

LifeScan's projected renovation cost of \$177 PSF for this very small space is very much consistent with the range of costs shown in these tables. A very small project like this can be expected to show a relatively high cost per SF compared to larger projects, because larger projects can spread the site mobilization and related fixed costs over a larger square footage, when calculating costs PSF.

| Table Three-A: Outpatient Diagnostic Center Construction Cost PSF Years: 2008-2010 | | | |
|---|---------------------------|---------------------|-----------------------|
| | Renovated Construction | New Construction | Total Construction |
| 1 st Quartile | \$51.55/sq ft | none | \$51.55/sq ft |
| Median | \$122.15/sq ft | none | \$122.15/sq ft |
| 3 rd Quartile | \$196.46/sq ft | none | \$196.46/sq ft |

Source: HSDA Registry. CON approved applications for years 2008 through 2010

| Table Three-B: Outpatient Diagnostic Center Construction Cost PSF Years: 2012 | | | |
|--|------------------------------------|--------------------|------------------------------|
| CON | ODC / Provider | Renovation Area | Construction Cost / sq ft |
| CN09808-044 | ImagDent of Memphis | 1,746 SF | \$51.55/sq ft |
| CN1010-046 | Murfreesboro Diagnostic Imaging | 9,587 SF | \$122.15/sq ft |
| CN1010-047 | Cleveland Imaging | 911 SF | \$269.91/sq ft |
| CN1103-008 | E. TN Community Open MRI | 795 SF | \$160.38/sq ft |
| CN1110-039 | St. Thomas OP Imaging | 7,737 SF | \$159.69/ sq ft |

Source: HSDA Registry. CON approved ODC projects completed in 2012 (all renovation).

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable.

2013 APR 15 PM 3 03

HISTORICAL DATA CHART--MOLECULAR IMAGING ALLIANCE/LIFESCAN ODC (CARDIAC PET SERVICE)

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in January.

| | Year 2010 | Year 2011 | Year 2012 |
|---|---------------------|---------------------|---------------------|
| A. Utilization Data (Cardiac PET procedures) | 342 | 514 | 668 |
| B. Revenue from Services to Patients | | | |
| 1. Inpatient Services | \$ | | |
| 2. Outpatient Services | 1,593,971 | 2,466,844 | 3,200,190 |
| 3. Emergency Services | | | |
| 4. Other Operating Revenue | | | |
| (Specify) See notes | | | |
| Gross Operating Revenue | \$ 1,593,971 | \$ 2,466,844 | \$ 3,200,190 |
| C. Deductions for Operating Revenue | | | |
| 1. Contractual Adjustments | \$ 989,486 | 1,531,893 | 1,980,405 |
| 2. Provision for Charity Care | 3,964 | 2,412 | 8,348 |
| 3. Provisions for Bad Debt | 15,860 | 9,648 | 33,393 |
| Total Deductions | \$ 1,009,310 | \$ 1,543,953 | \$ 2,022,146 |
| NET OPERATING REVENUE | \$ 584,661 | \$ 922,891 | \$ 1,178,044 |
| D. Operating Expenses | | | |
| 1. Salaries and Wages | \$ 236,800 | 271,935 | 189,086 |
| 2. Physicians Salaries and Wages | | | |
| 3. Supplies | 203,570 | 117,248 | 105,499 |
| 4. Taxes | 26,922 | 26,829 | 17,252 |
| 5. Depreciation | 119,670 | 106,798 | 91,940 |
| 6. Rent | 33,075 | 30,875 | 33,369 |
| 7. Interest, other than Capital | 1,026 | 559 | 142 |
| 8. Management Fees | 41,024 | 45,544 | |
| a. Fees to Affiliates | 72,699 | 75,963 | 88,396 |
| b. Fees to Non-Affiliates | 76,085 | 105,526 | 92,030 |
| 9. Other Expenses (Specify) See notes | 321,367 | 734,097 | 1,253,864 |
| Total Operating Expenses | \$ 1,132,238 | \$ 1,515,374 | \$ 1,871,578 |
| E. Other Revenue (Expenses) -- Net (Specify) | \$ | \$ | \$ |
| NET OPERATING INCOME (LOSS) | \$ (547,577) | \$ (592,483) | \$ (693,534) |
| F. Capital Expenditures | | | |
| 1. Retirement of Principal | \$ | \$ | \$ |
| 2. Interest | | | |
| Total Capital Expenditures | \$ 0 | \$ 0 | \$ 0 |
| NET OPERATING INCOME (LOSS) | | | |
| LESS CAPITAL EXPENDITURES | \$ (547,577) | \$ (592,483) | \$ (693,534) |

2013 APR 15 PM 3 03

HISTORIC DATA CHART
NOTES TO OTHER EXPENSES (LINE D9)

| | <u>CY2010</u> | <u>CY2011</u> | <u>C2012</u> |
|-------------------------|---------------|----------------|------------------|
| Contracted Services | 7,658 | 10,470 | 1,079 |
| Laundry | 4,757 | 2,731 | 0 |
| Medical waste disposal | 1,306 | 1,119 | 455 |
| Other direct costs | 641 | 432 | 452 |
| Contracted labor | 53,364 | 180 | -27,893 |
| Other employee benefits | 12,422 | 17,985 | 14,364 |
| Cont Education | 0 | 0 | 50 |
| Meals and Ent | 6,468 | 1,043 | 704 |
| Postage | 320 | 1,276 | 103 |
| Shipping and delivery | 1,451 | 170 | 45 |
| Advertising marketing | 2,416 | | 0 |
| Gifts | 49 | | 0 |
| Travel | 28,028 | 5,448 | 3,742 ✓ |
| Auto expense | 9,054 | 1,062 | 1,618 |
| Subscription | 262 | 174 | 34 |
| Charitable cont | 1,250 | | |
| Common area maint | 5,100 | 5,100 | 5,100 |
| Utilities | 24,503 | 18,656 | 30,243 |
| Office expense | 6,537 | 4,282 | 4,873 |
| Service contracts | 76,635 | 39,758 | 4,100 |
| Repairs and maintenance | 66,613 | 14,026 | 5,871 |
| Insurance | 8,424 | 11,845 | 13,127 |
| Licenses | 3,553 | 3,003 | 5,328 |
| Equipment lease exp | 556 | 335 | 465 |
| Fixed equipment lease | | <u>595,002</u> | <u>1,190,004</u> |
| TOTAL | 321,367 | 734,097 | 1,253,864 |

PROJECTED DATA CHART -- MOLECULAR IMAGING ALLIANCE/LIFESCAN CARDIAC PET SERVICE

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins in January.

2013 APR 15 PM 3 03

| | | Year 2014 | Year 2015 |
|----|---|--------------|--------------|
| A. | Utilization Data (PET scans) | 808 | 889 |
| B. | Revenue from Services to Patients | | |
| 1. | Inpatient Services | \$ | \$ |
| 2. | Outpatient Services | 2,531,646 | 2,646,176 |
| 3. | Emergency Services | | |
| 4. | Other Operating Revenue (Specify) | | |
| | Gross Operating Revenue | \$ 2,531,646 | \$ 2,646,176 |
| C. | Deductions for Operating Revenue | | |
| 1. | Contractual Adjustments | \$ 1,077,318 | \$ 1,078,051 |
| 2. | Provision for Charity Care 3% | 75,949 | 79,385 |
| 3. | Provisions for Bad Debt 1% | 25,316 | 26,461 |
| | Total Deductions | \$ 1,178,583 | \$ 1,183,897 |
| | NET OPERATING REVENUE | \$ 1,353,063 | \$ 1,462,279 |
| D. | Operating Expenses | | |
| 1. | Salaries and Wages | \$ 179,628 | \$ 224,628 |
| 2. | Physicians Salaries and Wages | 45,600 | 45,600 |
| 3. | Supplies | 472,818 | 520,219 |
| 4. | Taxes | 18,000 | 20,400 |
| 5. | Depreciation | 81,816 | 72,816 |
| 6. | Rent | 28,380 | 28,380 |
| 7. | Interest, other than Capital | | |
| 8. | Management Fees | | |
| a. | Fees to Affiliates | | |
| b. | Fees to Non-Affiliates | | |
| 9. | Other Expenses (Specify) See notes | 442,558 | 474,756 |
| | Total Operating Expenses | \$ 1,268,800 | \$ 1,386,799 |
| E. | Other Revenue (Expenses) -- Net (Specify) | \$ | \$ |
| | NET OPERATING INCOME (LOSS) | \$ 84,263 | \$ 75,480 |
| F. | Capital Expenditures | | |
| 1. | Retirement of Principal | \$ 15,393 | \$ 16,342 |
| 2. | Interest | 11,851 | 10,902 |
| | Total Capital Expenditures | \$ 27,244 | \$ 27,244 |
| | NET OPERATING INCOME (LOSS) | | |
| | LESS CAPITAL EXPENDITURES | \$ 57,019 | \$ 48,236 |

NOTES TO OTHER EXPENSES (D9)

| | <u>CY2014</u> | <u>CY2015</u> |
|-------------------------|---------------|---------------|
| Employee benefits | 8,874 | 13,320 |
| General office supplies | 10,551 | 12,000 |
| Advertising Bus dev | 6,000 | 6,000 |
| Utilities | 24,311 | 25,000 |
| Service repairs | 18,400 | 24,400 |
| Insurance and Lice | 18,000 | 18,000 |
| Equip Lease | 144,000 | 144,000 |
| Billing fee | 43,630 | 47,044 |
| Professional Fees | 161,592 | 177,792 |
| Legal | <u>7,200</u> | <u>7,200</u> |
| TOTAL | 442,558 | 474,756 |

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

| Table Nine : Average Charges, Deductions, and Net Charges Molecular Imaging Alliance, Johnson City | | |
|---|---------------|---------------|
| | CY2014 | CY2015 |
| Procedures | 808 | 889 |
| Average Gross Charge Per Procedure | \$3,133 | \$2,977 |
| Average Deduction Per Procedure | \$1,458 | \$1,332 |
| Average Net Charge (Net Operating Revenue) Per Procedure | \$1,675 | \$1,645 |
| Average Net Operating Income Per Procedure After Capital Expenditures | \$104 | \$85 |

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

For current and proposed charges, please see C(II).6.B below. Because this project involves a single-service provider (PET scanning), there are no other types of charges that could be impacted by the project. As for the project's impact on this existing service's charges, the Projected Data Chart shows that the applicant will be maintaining approximately the same net operating revenue per procedure (amount actually received from payors after deductions) as the prior owner experienced. See Table Nine in response C(II).6.B below.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

There is no other cardiac PET facility in upper East Tennessee, to which this project's charges can be compared. Table Ten below compares this facility's recent and projected charges and the projected charges of Wellmont Cardiac Services' proposed cardiac PET service in Kingsport (a companion application to this application).

The projected average gross charge for this ODC in 2014 in Johnson City is projected to be higher than at the Gray location in CY2012. However, the ODC's projected average net operating revenue (receipts), which are its impact on payors, will be lower.

| Table Ten: Comparative Gross Charges Per Cardiac PET Scan | |
|--|-------------------------------------|
| Provider | Average Gross / Net Revenue |
| Molecular Imaging Alliance, Gray | 2012: \$1,764 / \$1,764 |
| WCS at The Heart Center, Kingsport | Proposed, CY2014: \$3,678 / \$1,140 |
| Molecular Imaging Alliance, Johnson City | Proposed, CY2014: \$3,133 / \$1,675 |

Source: LifeScan records; Applicant's Projected Data Chart, this application.

The following page contains Table Eleven, a chart showing the most frequent procedures to be performed, with their current Medicare reimbursement, and their projected Years One and Two utilization and average gross charges.

| Table Eleven: Molecular Imaging Alliance Cardiac PET Service Charge Data for Most Frequent Procedures | | | | | | | | | |
|--|-------------------------------|----------------------------------|----------------------|----------|----------|-------------|--------|--------|--|
| CPT or DRG | Descriptor | Current Medicare Allowable | Average Gross Charge | | | Utilization | | | |
| | | | Current | Year 1 | Year 2 | Current | Year 1 | Year 2 | |
| 78492 | PET MYOCARD PRF MUL RST/STRS | \$1,099 | 3,298.29 | 3,133.38 | 2,976.71 | 657 | 796 | 875 | |
| 78459 | PET MYOCARDIAL IMAGING | \$1,082 | 3,244.80 | 3,082.56 | 2,928.43 | 10 | 11 | 12 | |
| 78491 | PET MYOCARDIAL IMAGING SINGLE | \$1,083 | 3,248.46 | 3,086.04 | 2,931.74 | 1 | 1 | 2 | |
| A9526 | NITROGEN N-13 AMMONIA | *Invoice Total | 320.00 | 320.00 | 320.00 | 668 | 808 | 889 | |
| J2785 | LEXISCAN 0.1 MG | \$54 | 160.91 | 160.91 | 160.91 | 668 | 808 | 889 | |

Source: Practice Management

*Per CAHABA - Invoice Total Required. \$160 each dose, 2 doses per patient = \$320

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

This ODC is currently operating with a positive cash flow and a rapid annual increase of utilization; its continued increases in utilization will be sufficient to ensure its long-term viability.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

The applicant is an established provider with active reimbursement income, so mere relocation will not cause a cash flow issue.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

Molecular Imaging Alliance participates in Medicare and contracts with all area TennCare MCO's and Virginia Medicaid. Its projected payor mix for this proposed new nuclear medicine service is the same as in CY2012: 55% Medicare and 4% TennCare/Medicaid. Indigent care is projected at 2% of gross revenues under the new ownership.

| Table : Medicare and TennCare/Medicaid Revenues, Year One | | |
|--|-----------------|--------------------------|
| | Medicare | TennCare/Medicaid |
| Gross Revenue | \$1,392,405 | \$101,266 |
| Percent of Gross Revenue | 55% | 4% |

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

A. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.

B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

A. The applicant knows of no less costly, more effective, or more efficient way to offer this service to its service area, than to pursue the proposed downsizing and relocation. The capital cost to move is less than the cost of a radiology room at a hospital. The relocation, into the heart of the largest medical services provider community in Washington County, provides better access for this ODC's patients and the physicians who supervise their cardiac PET scans. Reduced drive time enhances physician productivity. By making the service more accessible, the project will increase the use of cardiac PET scanning relative to SPECT studies, with all the attendant cost savings and diagnostic improvements that have been discussed earlier.

B. The project relies entirely on renovation and requires no new construction.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

If approved for the relocation, the applicant will seek a transfer agreement with MSHA's Johnson City Medical Center, which is less than one mile away along the same highway.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

Because the applicant is the only provider of fixed cardiac PET scanner equipment in Upper East Tennessee, and because this is a simple relocation within the same county and service area, it does not seem possible that the project would give rise to any competitive issues, or would duplicate existing technology.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for Table Fourteen, projected FTE's and salary ranges.

The Department of Labor and Workforce Development website indicates the following annual salary information in the area, for clinical employees of the type to be employed in this project:

| Table Thirteen: TDOL Surveyed Average Salaries for the Service Area | | | | |
|--|--------------------|-------------|---------------|--------------------|
| Position | Entry Level | Mean | Median | Experienced |
| RN | \$40,450 | \$57,870 | \$56,050 | \$66,590 |
| Nuclear Med. Tech* | \$54,290 | \$60,050 | \$59,210 | \$62,940 |

**This position was not surveyed in the Johnson City region. Data here is for Kingsport area, the closest comparable market.*

| Table Fourteen: Clinical Staffing Requirements Molecular Imaging Alliance Cardiac PET ODC (Johnson City) | | | | |
|---|------------------|-------------------|-------------------|-----------------------|
| Position Type (RN, etc.) | Current FTE's | Year One FTE's | Year Two FTE's | Salary Range (Annual) |
| Registered Nurse | 1 | 1 | 1 | \$0,000-\$50,000 |
| Technician/Site Director | 1 | 1 | 1 | \$65000-\$75,000 |
| Technician | 0 | 0 | 1 | \$40,000-\$50,000 |
| | | | | |
| Total FTE's | 2 | 2 | 2 | |
| | | | | |

Source: ODC Management

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

The project requires no additional staff.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies. The applicant is familiar with ODC requirements, having had such a license for more than five years.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

This small facility is not currently affiliated with any health professional training programs. Once it relocates to Johnson City, more convenient to such programs at ETSU and the College of Medicine, it would be open to such discussions.

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE: Outpatient Diagnostic Center
from Tennessee Department of Health
Radioactive Materials License
from Tennessee Department of Environment
and Conservation

CERTIFICATION: Medicare Certification from CMS
TennCare Certification from TDH

ACCREDITATION: Intersocietal Commission on Accreditation

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited for Positron Emission Tomography, by the Intersocietal Commission on Accreditation.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. Copies of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

2013 APR 15 PM 3:03

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

July 24, 2013

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

| PHASE | DAYS REQUIRED | Anticipated Date (MONTH /YEAR) |
|--|------------------|-----------------------------------|
| 1. Architectural & engineering contract signed | 6 | 8/13 |
| 2. Construction documents approved by TDH | 66 | 10/13 |
| 3. Construction contract signed | 72 | 10/13 |
| 4. Building permit secured | 74 | 10/13 |
| 5. Site preparation completed | na | na |
| 6. Building construction commenced | 81 | 10/13 |
| 7. Construction 40% complete | 105 | 10/13 |
| 8. Construction 80% complete | 121 | 11/13 |
| 9. Construction 100% complete | 126 | 12/13 |
| 10. * Issuance of license (if required) | 136 | 12/13 |
| 11. *Initiation of service | 166 | 1/14 |
| 12. Final architectural certification of payment | 256 | 4/14 |
| 13. Final Project Report Form (HF0055) | 316 | 6/14 |

*** For projects that do NOT involve construction or renovation: please complete items 10-11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

INDEX OF ATTACHMENTS

| | |
|------------------------------|--|
| A.4 | Ownership--Legal Entity and Organization Chart (if applicable) |
| A.6 | Site Control |
| B.II.E.3 | Major Medical Equipment--Vendor Quotations / Draft Leases |
| B.III. | Plot Plan |
| B.IV. | Floor Plan |
| C, Need--1.A.3. | Letters of Intent & Qualifications |
| C, Need--3 | Service Area Maps |
| C, Economic Feasibility--1 | Documentation of Construction Cost Estimate |
| C, Economic Feasibility--2 | Documentation of Availability of Funding |
| C, Economic Feasibility--10 | Financial Statements |
| C, Orderly Development--7(C) | TDH Inspection & Plan of Correction |
| Miscellaneous Information | |
| Support Letters | |

A.4--Ownership
Legal Entity and Organization Chart

Board for Licensing Health Care Facilities



State of Tennessee

License No. ODC00000000042

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

to conduct and maintain

LIFESCAN TENNESSEE LLC

an Outpatient Diagnostic Center

MOLECULAR IMAGING ALLIANCE

Located at

830 SUNCREST DRIVE, UNIT 2, GRAY

County of

WASHINGTON

, Tennessee.

This license shall expire _____, *NOVEMBER 05* _____, *2013* _____, *and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

In Witness Whereof, we have hereunto set our hand and seal of the State this 1ST *day of* JULY _____, 2012 _____.
In the Speciality(ies) of: PET SCAN



By _____ *James J. Davis, MPH*
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By _____ *John J. Davis, MPH*
COMMISSIONER

TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF RADIOLOGICAL HEALTH



RADIOACTIVE MATERIAL LICENSE

Pursuant to Tennessee Department of Environment and Conservation Regulations, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess and transfer radioactive material listed below; and to use such radioactive material for the purpose(s) and at the place(s) designated below. This license is subject to all applicable rules and regulations of the Tennessee Department of Environment and Conservation and orders of the Division of Radiological Health, now or hereafter in effect and to any conditions specified below.

| LICENSEE | | 3. License number |
|--|--|--|
| 1. Name | LifeScan Tennessee, LLC | R-90048-G17 |
| 2. Address | 830 Suncrest Drive, Suite 2 Gray, Tennessee 37615 | 4. Expiration date July 31, 2017 |
| | | 5. File no. R-90048 |
| 6. Radioactive Material (Element and Mass Number) | 8. Chemical and/or physical form | 9. Maximum Radioactivity and/or quantity of material which licensee may possess at any one time. |
| See Supplementary Sheets | | |

10. Authorized Use

See Supplementary Sheets

CONDITIONS

11. Unless otherwise specified, the authorized place of use is the licensee's address stated in item 2, above.

See Supplementary Sheets

For the Commissioner
Tennessee Department of Environment and Conservation

Date of Issuance July 19, 2007

Page 1 of 5 Pages

CR-0719 (Rev. 9-92)
Form RTH 6-7

By: 

DIVISION OF RADIOLOGICAL HEALTH

Gerald W. Bacon
Health Physicist

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

DATE: 01/16/07
REQUEST NUMBER: 5914-1347
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 01/16/07 1117
EFFECTIVE DATE/TIME: 01/16/07 1117
CONTROL NUMBER: 0538622

TO:
WALLER LANSDEN DORTCH & DAVIS LLP
511 UNION STREET
SUITE 2700
NASHVILLE, TN 37219

RE:
LIFESCAN TENNESSEE, LLC
APPLICATION FOR CERTIFICATE OF AUTHORITY -
LIMITED LIABILITY COMPANY

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED LIMITED LIABILITY COMPANY
CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED
ABOVE.

A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF
STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE
LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN
ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE
WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED
LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING
ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO
MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY
COMPANY TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE
REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -
LIMITED LIABILITY COMPANY

ON DATE: 01/12/07

FROM:
WALLER LANSDEN DORTCH & DAVIS (511 UNION
511 UNION ST/#2700
PO BOX 198966
NASHVILLE, TN 37219-8966

RECEIVED: FEES \$300.00 \$0.00
TOTAL PAYMENT RECEIVED: \$300.00

RECEIPT NUMBER: 00004070196
ACCOUNT NUMBER: 00000832



SS-4458

Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

APPLICATION FOR
CERTIFICATE OF AUTHORITY
(Limited Liability Company)
(For use on and after 1/1/2006)

STATE

For Office Use Only

2007 JAN 16 11:17

FILED
SECRET

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of §48-249-904 of the Tennessee Revised Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the Limited Liability Company is: LifeScan Tennessee, LLC

If different, the name under which the certificate of authority is to be obtained is: _____

NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of § 48-249-106 of the Tennessee Revised Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to § 48-249-106(d).

2. The state or country under whose law it is formed is: Delaware

and its date of its formation is: January 12, 2007 (must be month, day and year)

3. The complete street address (including zip code) of its principal executive office is:

6009 Brownsboro Park Boulevard, Suite H, Louisville, Kentucky 40207

Street City/State Zip Code

4. The complete street address (including the county and the zip code) of its registered office in Tennessee:

800 South Gay Street, Suite 2021, Knoxville, Knox County 37929

Street City/State County Zip Code

The name of its registered agent at that office is: CT Corporation System

5. If the provisions of TCA §48-249-309(l) (relating to foreign series LLCs) apply, then the information required by that section should be attached as part of this document.

6. The number of members at the date of filing if more than six (6): N/A

7. If the limited liability company commenced doing business in Tennessee prior to the approval of this application, the date of commencement (month, day and year) N/A

NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of the Limited Liability Company records in the state or country under whose law it is organized. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.

January 12, 2006

Signature Date

Chief Financial Officer

Signer's Capacity

LifeScan Tennessee, LLC

Name of Limited Liability Company

Matthew J. Smith
Signature

Matthew J. Smith

Name (typed or printed)

5314-1347

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "LIFESCAN TENNESSEE, LLC" AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF FORMATION, FILED THE TWELFTH DAY OF JANUARY, A.D. 2007, AT 7:30 O'CLOCK P.M.

CERTIFICATE OF CHANGE OF REGISTERED AGENT, FILED THE TWENTY-FOURTH DAY OF NOVEMBER, A.D. 2010, AT 2:46 O'CLOCK P.M.


AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID LIMITED LIABILITY COMPANY, "LIFESCAN TENNESSEE, LLC".

4284619 8100H

121260730



You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 0009622

DATE: 11-26-12

**CERTIFICATE OF FORMATION
OF
LIFESCAN TENNESSEE, LLC**

Pursuant to Section 18-201 of the Delaware Limited Liability Company Act, the undersigned, desiring to form a limited liability company, does hereby certify as follows:

1. The name of the limited liability company is LifeScan Tennessee, LLC (the "LLC").
2. The address of the LLC's registered office in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of the registered agent is The Corporation Trust Company.
3. This Certificate of Formation shall be effective upon filing with the Delaware Secretary of State.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on this 8th day of January 2006.



Matthew J. Smith, Authorized Person

STATE OF DELAWARE
CERTIFICATE OF CHANGE OF AGENT
AMENDMENT OF LIMITED LIABILITY COMPANY

The limited liability company organized and existing under the Limited Liability Company Act of the State of Delaware, hereby certifies as follows:

1. The name of the limited liability company is _____
LIFESCAN TENNESSEE, LLC
2. The Registered Office of the limited liability company in the State of Delaware is changed to 2711 Centerville Road, Suite 400
_____ (street), in the City of Wilmington,
Zip Code 19808. The name of the Registered Agent at such address upon whom process against this limited liability company may be served is _____
Corporation Service Company

By: /s/Richard G. Taylor
Authorized Person

Name: Richard G. Taylor
Print or Type

CERTIFICATE OF ACCREDITATION

INTERSOCIETAL ACCREDITATION COMMISSION
NUCLEAR/PET | ICANL

hereby recognizes

LIFESCAN TENNESSEE, LLC
830 SUNCREST DRIVE
GRAY, TENNESSEE

as an
ACCREDITED FACILITY
in the area(s) of
POSITRON EMISSION TOMOGRAPHY (PET)



through the date of AUGUST 31, 2015



PRESIDENT, NUCLEAR PET | ICANL



SECRETARY, NUCLEAR PET | ICANL

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "LIFESCAN LEASING OF TENNESSEE, LLC" AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF FORMATION, FILED THE TWENTY-THIRD DAY OF DECEMBER, A.D. 2010, AT 4:12 O'CLOCK P.M.


AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID LIMITED LIABILITY COMPANY, "LIFESCAN LEASING OF TENNESSEE, LLC".

4918298 8100H

121260737



You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 0009627

DATE: 11-26-12

**CERTIFICATE OF FORMATION
OF
LIFESCAN LEASING OF TENNESSEE, LLC**

THE UNDERSIGNED, an authorized natural person, for the purpose of forming a limited liability company, under the provisions and subject to the requirements of the laws of the State of Delaware (particularly Chapter 18, Title 6 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified and referred to as the "Delaware Limited Liability Company Act"), hereby certifies that:

FIRST: The name of the limited liability company is LifeScan Leasing of Tennessee, LLC.

SECOND: The address of the registered office of the limited liability company in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808

THIRD: The name and address of the registered agent for service of process on the limited liability company in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of LifeScan Leasing of Tennessee this 23rd day of December, 2010.



Claire H. Topp, Authorized Representative

A.5--Management Contract

A.6--Site Control

RESIDENTIAL AND/OR COMMERCIAL LEASE

THIS LEASE is made on the 23 day of March 2013

The Landlord hereby agrees to lease to the Tenant, and the Tenant hereby agrees to lease from the Landlord, the Leased Premises described below pursuant to the terms and conditions specified herein:

LANDLORD: KaringHearts Cardiology, PLLC
701 N. State of Franklin Rd.
Suite 2
Johnson City, TN 37604

TENANT(s): Lifescan Tennessee, LLC
701 N. State of Franklin Rd Suite 1
Johnson City, TN 37604

1. LEASED PREMISES. The Leased Premises are those premises described as: 701 N. State of Franklin, Suite 1 Johnson City, TN
+/- 2414 Sq. Ft

2. TERM: Term of the Lease shall be for a term of 5 yrs beginning on the 1 day of May and ending on Midnight of the 30 day of April. Tenant must give Landlord a written thirty (30) day notice prior to vacating premises, beginning from the first of the month to the last day of following month. Tenancy is month to month after lease term.

3. PRORATE AMOUNT OF RENT: NA Thru is \$ per month. The rent payment must be paid by the first day of each month at RENT: The monthly rental amount for the Leased Premises is \$2365 per month. Landlord need not give notice to Tenant the Landlord's address listed above. The first month's rent is to be paid when Tenant signs this lease. Landlord need not give notice to Tenant regarding Tenant's obligation to pay rent. A grace period until the fifth day of the month will be allowed, however, after the fifth of the month a 10% late charge will be added.

4. SECURITY DEPOSIT: Upon Tenant's execution of this Lease, Tenant shall make a security deposit of \$1 mo Rent to Landlord in order to ensure that Tenant complies with all terms and conditions of the Lease. If Tenant fully complies, Landlord will return the security deposit within two weeks after the date Tenant delivers possession of the Leased Premises to Landlord. If Tenant does not fully comply with the terms of the Lease, Landlord may use the security deposit to pay amounts owed by Tenant, including damages. Security Deposit is not to be used in lieu of last month's rent. Security deposits are held in escrow at Regions bank.

5. DEFAULT/ABANDONMENT: If Tenant defaults in the payment of rent or any term or condition of this Lease, Landlord may give Tenant written notice to cure such default. If Tenant fails to cure such default within ten days of receiving notice, Landlord may elect to terminate the Lease, re-enter the Leased Premises and remove the Tenant, all other occupants and their possessions and any costs incurred by Landlord in enforcing these rights shall be deemed additional rent.

If Tenant abandons or vacates the Leased Premises during the Term of this Lease, Landlord may elect to re-enter the premises, without liability for prosecution or owing damages to Tenant, and, at Landlord's option, release the Leased Premises. If Landlord elects not to release the Leased Premises, Tenant shall be liable for the remainder of the rent due under the Lease until its expiration. If Landlord releases the Leased Premises but is unable to release the Leased Premises for as much rent as would have been paid by Tenant during the period between Tenant's abandonment and the end of the Term, Tenant shall be liable to Landlord for the difference. Landlord may also dispose of any property left by Tenant after abandonment with liability and apply the proceeds to reduce such difference. Tenant shall make all rental payments in full. Payment or receipt of a rental payment of less than the amount stated in the lease shall be deemed partial payment.

Should legal proceedings be necessary, Washington County, Tennessee Courts shall have jurisdiction to litigate all issues between the parties relating to this lease. All parties signing shall submit to the jurisdiction of the Courts of Washington County, Tennessee.

6. OCCUPANTS: The Leased Premises shall be occupied by the following persons only:

Lifescan Tennessee, LLC

No other persons shall occupy the Leased premises without the advance written consent of the Landlord. The authorized occupants may only use the Leased Premises for residential purposes and may not utilize the premises for commercial or business purposes.

7. REPAIRS: Tenant must take good care of the Leased Premises and all equipment and fixtures contained therein. Tenant is responsible and liable for all repairs, replacements and damages caused by or required as a result of any acts or neglect of Tenant, Occupants, invitees or guests. If Tenant fails to make a needed repair or replacement, Landlord may do it and add the expenses to the rent.

8. PARTIAL OR TOTAL DESTRUCTION OF LEASED PREMISES: If the Leased Premises are partially damaged or completely destroyed by a fire or other occurrence that is not caused by Tenant's negligence or willful acts (or the negligence of Tenant's family, agent or guest) Landlord may elect to: (1) repair or rebuild the Leased Premises during the period of untenantability and abate the rent proportionally for this period; or (2) not repair or rebuild the Leased Premises, terminate the Lease and prorate the rent up to the time of the damage.

9. ALTERATIONS: Tenant must obtain Landlord's prior written consent to paint or wallpaper the leased premises or to install any paneling, flooring, partitions, railings, or make any other alterations. Tenant must not alter the plumbing, ventilation, air-conditioning, heating or electric systems. All the alterations, installations and improvements shall become property of the Landlord when completed and paid for, and shall be surrendered as part of the Leased Premises at the end of the term. Landlord is not required to pay for any of the work performed under this section unless; Landlord has agreed to pay as indicated in the prior written consent, required by this paragraph.

10. MAINTENANCE OF LEASED PREMISES: Tenant shall, at tenant's expense, maintain the premises in a clean and sanitary condition at all times. At the end of the term, Tenant will leave the Leased Premises clean and in good condition, with the exception of ordinary wear and tear. Tenant shall remove all Tenant's belongings and surrender all keys to Landlord upon the expiration of the Lease. Tenant shall change A/C filters monthly.

11. ASSIGNMENT/SUBLETTING RESTRICTIONS: Tenant may not assign this agreement or sublet the Leased Premises without the prior written consent of the Landlord. Any assignment, sublease or other purported license to use the Leased Premises by Tenant without the Landlord's consent shall be void and shall (at Landlord's option) terminate this Lease.

12. UTILITIES/SERVICES: Tenant is responsible for the payment of all utilities and services, except for the following: N/A which shall be paid by Landlord.

13. LANDLORD'S RIGHT TO ENTER: Landlord may, at reasonable times, enter the Leased Premises to inspect it, to make repairs or alterations, and to show it to potential buyers, lenders or tenants.

14. PETS: Tenant may not bring or keep pets in the Leased Premises without the prior written consent of Landlord.

15. LAWS AND REGULATIONS: Tenant must, at Tenant's expense, comply with all laws, regulations, ordinances and requirements of all municipal, state and federal authorities that are effective during the term of the lease agreement, pertaining to the use of the premises. Tenant must not do anything that increases the Landlord's insurance premium.

16. LEGAL FEES: If Landlord is successful in a legal action or proceeding between Landlord and Tenant relating to the non-payment of rent or recovery of possession of the Leased Premises, Landlord may, to the extent legally available, recover reasonable legal fees and costs from Tenant.

17. INSPECTION PRIOR TO OCCUPANCY: Tenant has inspected the Leased Premises and agrees that the Leased Premises and all improvements are in good, habitable condition as of the date of this lease.

18. SUBORDINATION: This Lease and the Tenant's leasehold interest is and shall be subordinate, subject and inferior to any and all liens and encumbrances now and thereafter placed on the Leased Premises by Landlord, any and all extensions of such liens and encumbrances and all advances paid under such liens and encumbrances.

19. QUIET ENJOYMENT: If Tenant promptly pays rent and obeys all of the terms of this lease, the Tenant may remain in and use the Leased Premises without interference by Landlord.

20. BINDING OBLIGATIONS AND ENTIRE AGREEMENT: This lease agreement is binding on Landlord and Tenant and those that lawfully succeed to their rights or take their place. Tenant and Landlord have both read this lease and affirm that this lease contains the entire and only agreement between the parties.

21. JOINT AND SEVERAL OBLIGATION: If more than one person executes this Lease as a Tenant, the obligations of all Tenants shall be joint and several with each Tenant assuming full liability for the obligations under this Agreement.

22. VACANCY: Landlord has the right to ask tenants to vacate the property at any time, without giving a reason. Landlord is required to give the tenant 30 day notice to vacate if the need for vacancy should arise.

23. ADDITIONAL TERMS AND CONDITIONS AGREED TO BY BOTH PARTIES:

This lease is effective when Landlord delivers a copy signed by all parties to the Tenant. The parties have signed this agreement in duplicate the day and year written above.

3/23/13
Date
3/23/13
Date

[Signature]
(Landlord or Landlord's Authorized Agent)
[Signature]
(Tenant)

Jeffrey W. Schoondyk
Karing Hearts Cardiac
Robert Gregory
Life Scan, TN

Date

(Tenant)

Date

(Tenant)

Date

(Tenant)

Date

(Tenant)

LEASE COVERSHEET

LANDLORD: 701 Franklin, LLC

TENANT: Karing Hearts Cardiology, PLLC

DATE OF LEASE: April ²²3, 2012

PREMISES: 701 N. State of Franklin Road, Suite 1
Johnson City, TN 37604

PROJECT: 701 Franklin

CONTACT PERSON
FOR TENANT: Dr. Jeffrey Schoondyke
423-360-6655

or

Rob Gregory
423-360-6655

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- EXHIBIT "A" - LEGAL DESCRIPTION OF PROPERTY
- EXHIBIT "B" - SIGNAGE
- EXHIBIT "C" - RESTRICTED USES
- EXHIBIT "D" - FINISH SCHEDULE & SPECIFICATIONS
- EXHIBIT "E" - GUARANTY
- EXHIBIT "F" - CONFIRMATION OF AGENCY STATUS
- EXHIBIT "G" - PERSONAL INTEREST DISCLOSURE & CONSENT

LEASE

This lease ("Lease") is made and entered into on this the 3th day of April, 2012, by and between 701 Franklin, LLC, a Tennessee Limited Liability Company ("Landlord") and Karing Hearts Cardiology, PLLC ("Tenant"):

1. DEMISE OF PREMISES. In consideration of the rentals to be received by Landlord and the benefits to be received by Tenant, the Landlord does by this agreement lease to the Tenant and the Tenant does hereby lease from the Landlord the following described property ("Premises") located in Washington County, and within the corporate limits of Johnson City in the state of Tennessee being approximately 8,083 square feet in an office/retail complex, and having the following physical address:

701 N. State of Franklin Road, Suite 1
Johnson City, TN 37604

upon the terms and conditions outlined in this Lease and the Exhibits listed below that are attached to this Lease and incorporated herein by reference:

EXHIBIT "A" - LEGAL DESCRIPTION OF PROPERTY
EXHIBIT "B" - SIGNAGE
EXHIBIT "C" - RESTRICTED USES
EXHIBIT "D" - FINISH SCHEDULE & SPECIFICATIONS
EXHIBIT "E" - GUARANTY
EXHIBIT "F" - CONFIRMATION OF AGENCY STATUS
EXHIBIT "G" - PERSONAL INTEREST DISCLOSURE & CONSENT

2. TERM OF THE LEASE. The "Original Term" of this Lease shall be for five (5) years beginning on August 15, 2012. This Lease shall terminate on the last day of the month in which the term of this Lease expires. Tenant shall be granted possession of the Premises upon execution of this lease to perform Tenant Improvements and operations.

3. PAYMENT OF RENT.

A. Base Rent. The Tenant hereby agrees to pay "Base Rent" to the Landlord for the Original Term of the Lease in sixty (60) monthly installments as follows:

| Months | Rent / S.F. | Monthly Base Rent |
|---------|-------------|-------------------|
| 01 - 06 | \$4.03 | \$2,714.51 |
| 07 - 09 | \$7.00 | \$4,715.08 |
| 10 - 12 | \$9.00 | \$6,062.25 |
| 13 - 24 | \$10.00 | \$6,735.83 |
| 25 - 36 | \$11.00 | \$7,409.42 |
| 37 - 48 | \$12.00 | \$8,083.00 |
| 49 - 60 | \$13.00 | \$8,753.58 |

such monthly installments to be payable in advance on or before the first day of each month during the term of the Lease, plus a prorata rental, for the Tenant's occupancy of the Premises during a portion of a month during the Lease term as calculated in accordance with Section 2, hereinabove. All Base Rent, and other sums due from the Tenant to the Landlord shall be sent to the Landlord's address as indicated in Section 28 hereof, or to such other address as the Landlord may designate to the Tenant in writing. The Base Rent and other sums payable hereunder shall be paid by Tenant without set-off, deduction or demand, except as otherwise expressly provided herein and shall be subject to the late payment provisions of Section 37 of this Lease.

B. Additional Rent Items.

Tenant agrees to pay Landlord as additional rental ("Additional Rent") the following amounts. Unless this Lease provides otherwise, all Additional Rent shall be paid with the monthly installment of Base Rent. The term "Rent" shall mean the Base Rent plus Additional Rent and all other amounts due and owing from Tenant to Landlord under this Lease.

1. The Tenant's portion of the premiums for insurance policy or policies described in Section 6, below;
2. The Tenant's portion of all ad valorem taxes, assessments and other governmental charges as described in Section 8, below;
3. The Tenant's portion of the costs for HVAC filter replacement as provided in Section 12, below;
4. The Tenant's portion of the Utilities and Pest Control (if applicable) as provided in Section 32, below;
5. The Tenant's portion of the Common Area Maintenance Items as provided in Section 47(c), below, and;
6. Any other items payable by Tenant to Landlord or others pursuant to this Lease, whether or not specifically enumerated in this Subsection 3(B).

C. Tenant's Initial Estimated Additional Rent.

The initial Monthly Additional Rent is estimated as follows:

| | |
|--|-----------------|
| Landlord's Insurance per §6 | \$ 87.57 |
| Taxes per §8 | \$875.66 |
| HVAC Filters, Utilities & Pest Control per §12 & §32 | \$154.41 |
| Common Area Maintenance Items per §47(C) | <u>\$600.00</u> |
| Total estimated initial Monthly Additional Rent | \$1,717.64 |

E. Adjustment of Additional Rent Amount.

Within one-hundred-twenty (120) days after the expiration of such calendar year, Landlord shall forward

to the Tenant an itemized statement showing the Tenant's actual pro-rata share of Additional Rent (the "Tenant's Actual Share"). If Tenant's Actual Share for such calendar year was less than the amount paid by Tenant, then, within twenty (20) days after the date of Landlord's itemized statement, either Landlord shall credit or refund to Tenant any amount paid by Tenant in excess of the Tenant's Actual Share. If Tenant's Actual Share for such calendar year was more than the amount paid by Tenant, then, within twenty (20) days after the date of Landlord's itemized statement, then Tenant shall remit to Landlord any amount by which the Tenant's Estimated Share was deficient.

Landlord shall adjust the amount of Additional Rent each year based on the prior year's amount and deliver to Tenant notice of such adjustment.

F. Proration of Additional Rent. If this Lease commences on a day other than the first day of the year, or terminates on a date other than the last day of the year, the amount of Additional Rent payable by the Tenant shall be apportioned as between the Landlord and Tenant according to the portion of the lease year in question during which the Lease shall be in effect.

G. Tenant's Right to Information. Within one-hundred-twenty (120) days after the close of each calendar year, Landlord shall furnish Tenant a statement of actual expenses for the year just ended ("Actual Expense Statement"). Landlord shall, for a period of one year after its delivery of the Actual Expense Statement to Tenant, make available to Tenant during reasonable business hours after reasonable notice, for inspection and copying, all records of Landlord relating to the Expenses. In the event any charges are not entirely attributable to the operation and maintenance of the Leased Premises, Landlord shall make a reasonable allocation of such charges attributable to the Leased Premises.

4. LIENS AGAINST THE PREMISES. Tenant shall at all times keep the Premises free and clear of mechanics', materialmen's and other liens, and all charges, claims and encumbrances caused or created by Tenant or anyone claiming through or under Tenant. Tenant shall notify Landlord immediately upon receipt of a Notice of Lien.

A. Notices by Landlord. Tenant shall permit Landlord and its agents to enter into and upon the Premises at all reasonable times for the purposes of placing upon the Premises notices of non-responsibility for the claims of mechanics, materialmen, and/or contractors.

B. Removal of Mechanic's Liens. If any mechanic's or other lien shall at any time be filed against the Premises, Tenant shall either cause the same to be discharged of record within twenty (20) days after the date of filing of the same or, if Tenant shall desire to contest any such lien, Tenant shall furnish to Landlord security in the amount of the claim, plus costs and interest, or shall procure a bond of a reputable bonding company in said amount. The judgement of any court of competent jurisdiction determining the validity and/or amount of any such lien shall be conclusive of such fact as between Tenant and Landlord.

C. Landlord's Right To Remove Lien. If Tenant shall fail to discharge any lien or to provide Landlord with security as hereinabove provided, the Landlord may, at its option, pay or discharge any such lien or claim of lien, and Tenant shall pay Landlord all amounts spent by Landlord including costs, expenses and reasonable attorneys' fees, incurred by Landlord together with interest at highest legal rate, which payment shall be made upon demand by Landlord.

D. Lien Only Against Tenant's Interest In Premises. The parties agree that any contract for the provision

of labor or materials for improvement of the Premises is permissive on Tenant's part and is not required by this Lease. Tenant shall have no right to allow or permit a lien to be placed on Landlord's interest in the Premises and all liens shall extend only to Tenant's interest in the Premises.

5. ALTERATIONS OR ADDITIONS. The Tenant shall be allowed to make such alterations and additions to the Premises as may be required to carry out the Tenant's business subject to the prior written approval of the Landlord which approval shall not be unreasonably withheld. Upon termination of the Lease, Tenant may remove any of its fixtures which are not permanently attached or otherwise considered to be installed in such a fashion as to have become a part of the real estate. Following such removal, Tenant shall restore the Premises to its original condition by repairing any and all damages caused by said removal.

6. FIRE, EXTENDED COVERAGE, AND PUBLIC LIABILITY INSURANCE. Landlord agrees to pay each year the premiums for fire and extended coverage insurance (with coverage for earthquakes) on the improvements constructed and/or installed by the Landlord in the building of which the Premises are a part and for rent insurance thereon, with the Tenant to pay Landlord its pro-rata share of such insurance premiums as Additional Rent provided later in this Section 6. At a minimum, Landlord agrees to provide and maintain in force during the Lease term and any Renewal Term(s), the following types of insurance; fire, extended coverage, and general liability insurance on the land, building and other improvements on which the Premises are located in the following amounts: fire and extended coverage insurance in an amount equal to the replacement cost of the Premises, building and improvements on which the Premises is located; and public liability insurance with limits of coverage of not less than \$1,000,000 for property damage loss from any one accident or occurrence, and not less than \$1,000,000 for personal injury and death resulting from any one accident.

Tenant shall pay with each payment of Base Rent a sum equal to one-twelfth (1/12) of the Insurance Premium for the Leased Premises (the "Monthly Additional Rent") as estimated by Landlord for each calendar year. Landlord shall estimate for each calendar year the Tenant's pro-rata share of Insurance. Tenant's pro-rata share shall be the product of the Insurance multiplied by a factor. The "factor" shall be the ratio of the gross square foot area in the Premises divided by the aggregate of the gross square foot area in the building(s) of which the Premises are a part that the Landlord is obligated to make payment. The Tenant acknowledging and agreeing that the area leased by other tenants who obtain their own insurance.

Nothing in this Section 6. shall in any manner diminish the responsibility of the Tenant to maintain insurance on its personal property and Tenant Improvements in accordance with Section 7 of the Lease.

7. MINIMUM INSURANCE TO BE PROVIDED BY TENANT. At a minimum, Tenant agrees to provide and maintain in force during the Lease Term and any Renewal Term(s), the following types of insurance; and (i) fire and extended coverage insurance covering damage to or destruction of the personal property of the Tenant located on the Premises including but not limited to its tenant improvements, furniture, fixtures and equipment; and (ii) public liability insurance with limits of coverage of not less than \$1,000,000 for property damage loss from any one accident or occurrence, and not less than \$1,000,000 for personal injury and death resulting from any one accident.

A. Requirements for Insurance Policy. The insurance provided for herein shall be in form and with a company satisfactory to the Landlord, shall name the Landlord as additional insured, and shall be paid for by the Tenant and cancelable only with thirty (30) days written notice to the Landlord.

B. Tenant To Provide Certificate. Tenant shall provide to Landlord a certificate of insurance prior to the beginning of the Original Term and any Renewal Term of the Lease and shall on at least an annual basis provide Landlord with continued proof that the insurance is in full force and effect. Each such insurance policy shall contain a provision waiving all of the insurer's right of subrogation against the Landlord.

C. Furnishings At Risk of Tenant. All furniture, fixtures, equipment or other personal property of any nature, description, and kind placed in, upon or about the Premises by the Tenant, its agents, servants, employees, licensees and invitees, shall be at the sole risk of the Tenant except in the event of any damage to or destruction of the property caused by the negligent act or omission of the Landlord or any of the Landlord's representatives.

8. REAL ESTATE TAXES. Landlord agrees to pay each year the annual ad valorem real estate taxes due for the land and improvements of which the Premises are a part. Tenant shall pay to Landlord in accordance with Section 3, above, Tenant's pro-rata share of such taxes as Additional Rent. Such annual taxes shall encompass all taxes assessed with respect to the ownership, management, or operation of the Premises and levied on real estate owners as such rather than persons generally and shall include, by way of illustration and not limitation, all real estate taxes, ad valorem taxes and assessments, general and special assessments, and taxes on real estate rental receipts. In the event any tax shall be assessed upon rent by any governmental authority, Tenant shall pay its pro-rata share of said tax as Additional Rent. In the event Landlord shall elect to contest the amount of such taxes, all expenses incurred in such contest, including reasonable attorneys' fees, shall be considered as tax expenses under the terms of this Section 8, and Tenant shall pay its pro-rata share of such tax expenses upon demand. In the event the method of taxation applicable to rental property shall be modified, a modification agreement with respect to this Section 8 shall be executed by Landlord and Tenant to equitably apply to said revised tax system. Real estate taxes shall be prorated for any period of time of less than one year.

Tenant shall pay with each payment of Base Rent a sum equal to one-twelfth (1/12) of the Taxes for the Leased Premises (the "Monthly Additional Rent") as estimated by Landlord for each calendar year. Landlord shall estimate for each calendar year the Tenant's pro-rata share of Taxes. Tenant's pro-rata share shall be the product of the Taxes multiplied by a factor. The "factor" shall be the ratio of the gross square foot area in the Premises divided by the aggregate of the gross square foot area in the building(s) of which the Premises are a part for which the Landlord is obligated to make payment. The Tenant acknowledging and agreeing that the area leased by other tenants may be separately assessed for tax purposes.

If at any time during the Lease Term, the present method of taxation changes so that in lieu of or, in addition to the Taxes, there is levied on Landlord a capital tax directly on the rents received therefrom (or a franchise tax, assessment, or charge based, in whole or in part, upon such rents for the Premises) then such tax assessed in lieu of or in addition to the Taxes, shall be deemed to be included within the term "Taxes" for the purposes hereof.

Tenant shall also be solely responsible for and pay within the time provided by law all taxes imposed on its inventory, furniture, trade fixtures, apparatus, leasehold improvements (installed by or on behalf of Tenant), equipment and any other of Tenant's personal or other property.

9. MAINTENANCE AND REPAIRS. The Landlord shall arrange for the performance of all maintenance and repairs of the Premises, and the building and improvements on which the Premises is located.

A. Landlord's Responsibilities. Landlord shall, at its cost and expense, maintain in good condition and repair the roof, structural parts of the Premises, foundations, and exterior walls; provided, however, that Landlord shall not be required to make any repairs necessitated by reason of any act or omission of Tenant, or its employees, agents, subtenants, licensees, concessionaires, invitees, or anyone claiming under Tenant, or caused by any alteration, addition, or improvement made by Tenant or anyone claiming under Tenant.

B. Tenant's Responsibilities.

1. Tenant shall be solely responsible for the cost of repairs and maintenance of: (i) its personal property used on the Premises and in the building and improvements on which the Premises is located; (ii) all of Tenant's furniture and fixtures, and all light bulbs, ballasts, equipment, motor vehicles, fire extinguishers, exit signs and emergency lighting, all floor coverings, hanging cabinets, screens or blinds, interior walls, and security system.

2. Notwithstanding the provisions of Section 9(A), above, Beginning on the 91st day of the Original Term of the Lease Tenant shall be responsible for, and pay within thirty (30) days of receipt of the bill therefore, the cost for any maintenance, repairs or replacements necessary on the Premises which were not caused by the willful or negligent acts of the Landlord or its representatives and which are not covered by warranty, including: the heat and air-conditioning system (which may be located on the roof or on the grounds adjacent to the Premises), water heaters, plumbing fixtures (including unclogging commodes and other sewer lines), storefront glass, windows and window frames, doors and door frames. The recurrence of any event requiring maintenance or repairs within one 48 hour period which was not the result of an intervening willful or negligent act of the Tenant or its representatives, shall be considered one occurrence for the purpose of this Section 9(B)2.

C. Tenant's Duty to Report. Landlord's obligation to maintain, repair or replace as contained herein shall not arise until a reasonable time after Tenant shall have given Landlord written notice thereof . Tenant hereby waives any right that may be conferred by law permitting Tenant to make repairs at Landlord's expense. Tenant shall immediately report to the Landlord any and all damages, fires and other events or circumstances requiring maintenance, repairs or replacement whether or not an emergency.

D. Repairs Necessitated By Criminal Actions. The Tenant shall be solely responsible for any and all repairs caused by illegal acts such as burglary, breaking and entering, theft and vandalism resulting in damage to the Premises or the building in which the Premises is located or to the store front or rear of the Premises including but not limited to the roof, insulation, ceiling tiles, entrance doors, entrance door glass and locks, plate and other glass installed in the Premises and the store front or rear, and the Tenant's signage including lettered signs on entrance doors or plate glass or elsewhere on the store front or in the Premises.

10. SURRENDER OF PREMISES. Tenant covenants, stipulates and agrees that upon the expiration, termination or cancellation of this Lease, whether by lapse of time or otherwise, it will at once peaceably and quietly deliver up to the Landlord all of the Premises, including the building and improvements thereon, broom clean and in as good a state and condition as reasonable use, wear and tear and natural depreciation excepted. Tenant shall upon termination or expiration, remove all personal property, including all fixtures associated with Lessee's business, located upon the Leased Premises belonging to Lessee or being kept thereon by Lessee. Nothing in this Section 10 shall be construed to relieve or release the Tenant from any of its obligations for maintenance and repair under the terms of this Lease or from any of its other obligations hereunder.

Should the Tenant modify the leased Premises in any way, then at the end of the lease or the termination of such and at the Landlord's discretion, the Tenant shall restore the Premises to its original condition, normal wear and tear excepted.

11. HOLDING OVER. If the Tenant holds over beyond the Original Term of the Lease or any Renewal Term, the occupancy of the Tenant subsequent to the expiration of the Original Term or Renewal Term shall be on the same terms and conditions as those contained herein, except that the term shall be on a month to month basis and the rent shall be 125% of the Base Rent payable at the time of termination and shall not be construed as a renewal or extension of the Lease. In addition, Tenant shall be responsible for all Additional Rent payable pursuant to Section 3, hereof, or as otherwise provided herein.

12. HEAT AND AIR CONDITIONING FILTERS AND INSPECTION. Landlord shall cause the HVAC filters to be changed on a regular basis. The Tenant shall pay the actual cost of inspection of and changing the filters for the heating and air conditioning systems of the Premises.

13. PARKING. The Landlord guarantees that the Tenant shall have available for its use and enjoyment such parking spaces as may be required by applicable governmental rules, regulations and ordinances. Tenant shall use reasonable means to ensure that its employees and agents working on the Premises park their cars and company vehicles away from and/or to the side of the building so as to provide reasonable parking for customers, clients and patients in an area designated by Landlord as "Employee Parking."

14. DEFAULT.

A. Events of Default. An Event of Default shall occur if:

1. Tenant shall fail to pay Base Rent; or
2. Tenant shall fail to pay any Additional Rent or any other sum as provided for or required herein; or
3. Tenant shall fail to comply with or perform any of the terms and/or conditions of this Lease as to which it has received fifteen (15) days written notice of default from Landlord; or
4. Tenant violates any provisions of this Lease; or
5. Tenant liquidates, ceases to exist, admits insolvency, seeks relief under any law for the relief of debtors, makes an assignment for the benefit of creditors, or be the subject of a voluntary or involuntary petition in bankruptcy or receivership; or
6. If the estate hereby created shall be levied upon or taken by execution or process of law; or
7. Tenant abandons, vacates or fails to occupy the Premises for sixty (60) consecutive days; or
8. Tenant experiences any condition, circumstance or occurrence which, in the sole judgment of the Landlord, evidences the serious financial insecurity of the Tenant.

B. Landlord's Remedies Upon Default. Upon an Event of Default, Landlord may, at its sole option,

exercise any and all remedies available to Landlord at law or in equity, all of such rights and remedies to be cumulative and not exclusive, including, without limitation, the following:

1. Landlord may terminate this Lease on ten (10) calendar day's written notice to Tenant and this Lease shall terminate on the date specified therein, and Tenant shall quit and surrender the Premises by said date and remain liable as set forth in this Section 14. Or, Landlord may, without waiving its right to terminate at any time, continue this Lease in effect for the remainder of the then current term or any extension and Tenant shall remain liable and obligated under all of the covenants and conditions hereof during said period and shall pay as and when due the Base Rent and all Additional Rent and all other amounts due hereunder as if the Tenant had not defaulted hereunder. In such event, Landlord may relet the Premises for the account of Tenant crediting the rent received on such reletting to amounts owing by the Tenant hereunder. The Tenant hereby appoints and constitutes Landlord as its attorney-in-fact to take any and all actions necessary or incidental to such reletting. Such continuance of this Lease shall not constitute any waiver or consent by Landlord of or to said default or any subsequent default.

2. Landlord may in its own behalf, relet the whole or any portion of said Premises for any period equal to or greater or less than the remainder of the Original Term or Renewal Term, for any sum which may be reasonable, to any tenant which it is suitable and satisfactory and for any use and purpose which is appropriate. In connection with any such Lease, the Landlord may make such changes in the character of the improvements on the Premises and may grant concessions or free rent as the Landlord may determine to be appropriate or helpful in effecting such Lease, without affecting the liability of Tenant hereunder.

3. Landlord shall be entitled to recover from Tenant; and the Tenant shall pay to the Landlord, in addition to any other damages becoming due hereunder, the following:

(a) An amount equal to the amount of all rents and Additional Rent reserved under this Lease, less the net rent, if any, collected by the Landlord on reletting the Premises, which shall be due and payable by the Tenant to the Landlord on the several days on which the rent and Additional Rent reserved in this Lease would have become due and payable, that is to say, upon each of such days the Tenant shall pay to the Landlord the amount of deficiency then existing. Such net rent collected on reletting by the Landlord shall be computed by deducting from the gross rents collected all expenses incurred by the Landlord in connection with the reletting of the Premises or any part thereof, including brokers' commission and the cost of repairing, renovating, or remodeling said Premises. However, the expenses to be deducted in computing the net rent collected on reletting shall not include the cost of performing any covenant contained herein required to be performed by Landlord.

4. In addition to the foregoing remedies and regardless of which remedies the Landlord pursues, Tenant covenants that it will indemnify Landlord from and against any loss or damage directly or indirectly sustained by reason of any termination resulting from any event of default as provided above. Landlord's damages hereunder shall include, but shall not be limited to, any loss of rent prior to or after reletting the Premises, broker's commissions, advertising costs, reasonable costs of repairing, cleaning, repainting and remodeling the Premises for reletting, moving, and storage charges incurred by Landlord in moving Tenant's property and effects and legal costs, including, but not limited to, attorney fees and expenses incurred by Landlord in connection with or arising out of or related to Tenant's default.

5. Whether or not Landlord has terminated this Lease, Landlord, or its agents, servants, or

representatives, may immediately or at anytime thereafter, re-enter and resume possession of said Premises without notice or demand to Tenant (which notice and demand are hereby expressly waived by Tenant) and remove all persons and property therefrom, either by summary dispossession proceedings or by a suitable forcible entry and detainer action or proceeding at law, or otherwise, without being liable for any damages therefor. No re-entry by the Landlord shall be deemed an acceptance or a surrender of this Lease. Tenant agrees that if Landlord shall cause Tenant's goods or effects to be removed from the Premises pursuant to the terms hereof or of any court order, Landlord shall not be liable or responsible for any loss or damage to Tenant's goods or effects, and the Landlord's act of so removing such goods or effects shall be deemed to be the act of and for the account of the Tenant.

C. Landlord's Right to Perform. In the event the Tenant shall fail to make any payment required hereunder, or otherwise default in its obligations hereunder in such a manner which, in the determination and discretion of the Landlord would operate to affect, depreciate or diminish the property rights of the Landlord or the interest of the Landlord in this Lease, then the Landlord may at its option, without thereby waiving the default of the Tenant, make any payment or perform any such obligation of the Tenant, and all expenditures made by the Landlord in that regard shall draw interest at the rate of eighteen percent (18%) per annum and the amount of such expenditures and interest thereon shall be repaid to Landlord by Tenant within five (5) days after notice is given to Tenant and the failure so to make such repayment shall constitute an additional default on the part of the Tenant.

15. USE OF THE PREMISES. The Tenant intends to use the Premises for the operation of a medical office. The Premises will be used solely for such commercial activity as may be permitted by law. In no event shall any part of the Premises be used for residential purposes or for any restrictive use identified on Exhibit "C". The Tenant shall not knowingly permit any unlawful or illegal business or other activity to be conducted, carried on or operated from the Premises.

16. ASSIGNMENT - SUBLETTING. Tenant hereby acknowledges that Landlord has entered into this Lease in order to obtain the unique attraction of Tenant's trade name, the unique services and/or merchandising mix and product lines associated with Tenant's business and unique combination of Tenant's apparent operating expertise and financial integrity. Neither Tenant nor any court or officer thereof nor any receiver or trustee in bankruptcy shall assign, sublease, license, sell, transfer or in any way mortgage, pledge or hypothecate (collectively "Assign") all or any of (i) its interest in this Lease or (ii) its interest in and to the Premises or any part thereof, without Landlord's prior written consent in accordance with this Section. Landlord's consent may be withheld in Landlord's sole discretion. Whether or not Landlord grants consent, Tenant will pay Landlord's reasonable legal fees in connection therewith, which will be deemed to be Additional Rent. Landlord consents to space being subleased to any user offering medical, diagnostic, or imaging services; except pharmacy services are prohibited.

A. Terms of Lease. If this Lease be assigned, transferred or sublet in any manner whatsoever, whether in its entirety or in part, such assignment, transfer or subletting shall be upon and subject to all of the terms, provisions, covenants and conditions contained in this Lease; and, notwithstanding any consent by Landlord (which shall not be unreasonably withheld) to any such assignment, transfer or subletting, Tenant shall continue to be and remain liable hereunder.

B. Assignee and Subtenant Obligations After Default. If this Lease be assigned or the demised Premises or any part thereof be underlet or occupied by anybody other than Tenant, Landlord may, after default by

Tenant, collect Base Rent and Additional Rent from the assignee, underlessee or occupant and apply the Base Rent or Additional Rent amount collected to the Base Rent or Additional Rent herein reserved, but no such assignment, underletting, occupancy, or collection shall be deemed a waiver by Landlord, or a release of Tenant or the guarantors from the further performance by Tenant of covenants on the part of Tenant herein contained.

C. Assignment by Landlord. In the event Landlord shall assign or transfer this Lease on the property or any part thereof leased herein, Tenant shall accept and attorn to the new Landlord fully and completely, and this Lease shall remain in full force and effect.

17. SIGNAGE. The Tenant agrees not to erect, affix, or display any sign on the exterior of the Premises without, in each instance, first securing the written consent of the Landlord, which consent shall not be unreasonably withheld.

A. Sign Requirements. Any such sign must conform to all applicable state, county and city rules, regulations, and ordinances, and conform to the specifications on Exhibit "B". Any sign to be attached to the building or placed on any exterior door, wall or window of the Premises must be approved by Landlord. Tenant agrees to maintain all of Tenant's signage or advertising matter in good condition and repair.

B. Tenant Responsible For Costs of Signage. The Tenant shall be solely responsible for the costs (including but not limited to labor and material) included in the design, manufacture, transportation, erection, maintenance, illumination and of its own signs (including filling any holes and painting the building area affected, if needed). Tenant agrees to maintain all of Tenant's signage or advertising matter in good condition and repair. If Tenant fails to perform its obligation hereunder Landlord may do so and charge Tenant as Additional Rent for the cost of same, including a handling fee of twenty percent (20%) of the costs.

C. Removal of Signage. Upon termination of the Lease, for any reason, the Tenant shall have fifteen (15) days after cessation of its business on the Premises in which to remove its signs (including vinyl letters removed from pylon, monument or any sign on door, glass or in the Premises) if such signs are no longer to be used in conjunction with the operation of a business upon the Premises. In the event Tenant fails to remove such signs within such period of time (including restoring the surface or re-applying surface covering to affected areas from which the sign is to be removed, filling any holes, patching the covering or veneer and painting the building area affected, if needed), Landlord may, without further notice, remove such signs with the cost of such removal and any transportation or storage thereof being considered, including a handling fee of twenty percent (20%) of the costs, which shall be considered as Additional Rent and immediately due and payable from the Tenant to the Landlord. All restoration shall be performed in a good and workmanlike manner.

D. Tenant Required to Install Sign. Should Tenant fail to install a sign within 30 days after taking occupancy which conforms with the other signs in the center, then the Tenant shall be in default of Lease and the Landlord at its sole discretion may proceed with remedies of default according to Section 14.

18. CLEANLINESS OF PREMISES. Although others may ultimately be responsible for maintaining and cleaning the parking lot and common areas adjacent to the Premises, the Tenant shall keep the Premises, its store front, the area to the immediate front, rear and sides of the Premises, and the sidewalks and landscaped areas immediately adjacent to the Premises swept, clean and free from rubbish, trash, debris, to the extent feasible and customary in connection with the operation of a first class business establishment.

19. HAZARDOUS SUBSTANCES DEFINED. The term "Hazardous Substances" as used in this Lease, shall include, without limitation, flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCB's), biohazardous materials, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, petroleum and petroleum products and substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority.

20. RESTRICTIONS ON TENANT. Tenant shall not cause or permit to occur:

A. Compliance With Laws. Any violation of any federal, state or local law, ordinance or regulation now or hereafter enacted, related to environmental conditions or biohazardous substances or materials on, under or about the Premises, or arising from Tenant's use or occupancy of the Premises, including but not limited to, soil and ground water conditions; or

B. Hazardous Substances. The use, generation, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substance on, under, or about the Premises, or the transportation to or from the Premises of any Hazardous Substance.

21. TENANT CLEAN-UP REQUIREMENTS. Tenant shall, at Tenant's own expense, comply with all laws regulating the use, generation, storage, transportation, or disposal of Hazardous Substances ("Laws"). Tenant shall, at Tenant's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental authorities (individually, an "Authority," and collectively, the "Authorities") under the Laws. Should any authority or any third party demand that a clean-up plan be prepared and that clean-up be undertaken because of any deposit, spill, discharge or other release of Hazardous Substances that occurs during the term of this Lease, at or from the Premises, or which arises at any time from Tenant's use or occupancy of the Premises, then Tenant shall, at Tenant's own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Tenant shall carry out all such clean-up plans. Tenant shall promptly provide all information regarding use, generation, storage, transportation, or disposal of Hazardous Substances that is requested by Landlord. If Tenant fails to fulfill any duty imposed under these Sections pertaining to Hazardous Substances within a reasonable time, Landlord may do so; and in such case Tenant shall cooperate with Landlord in order to prepare all documents Landlord deems necessary or appropriate to determine the applicability of the Laws to the Premises and Tenant's use thereof, and for compliance therewith, and Tenant shall execute all documents promptly upon Landlord's request. No such action by Landlord and no attempt made by Landlord to mitigate damages under any Law shall constitute a waiver of any of Tenant's obligations under any of the Sections herein pertaining to hazardous substances.

22. INDEMNITY BY TENANT CONCERNING HAZARDOUS SUBSTANCES. Except to the extent caused by Landlord's negligence, Tenant shall indemnify, defend, and hold harmless Landlord and the manager of the Premises and their respective officers, directors, beneficiaries, shareholders, partners, agents, and employees from all fines, suits, procedures, claims, and actions of every kind (and all costs associated therewith, including attorneys' and consultants' fees) arising out of or in any way connected with any deposit, spill, discharge, or any other release of Hazardous Substances that occurs during the Base Term or any Renewal Term of this Lease, at or from the Premises, or which arises at any time from Tenant's use or occupancy of the Premises or from Tenant's failure to provide all information, make all submissions, and take all steps required by all Authorities under the Laws and all other environmental laws.

Tenant's obligations and liabilities under this Lease in regard to hazardous substances shall survive the expiration of this Lease.

Landlord represents and warrants that the Premises are in compliance with all environmental laws, rules and regulations.

23. DAMAGE OR DESTRUCTION OF PREMISES. If the building in which the leased Premises is located is damaged or destroyed during the Original Term or any Renewal Term thereof, by fire or any other casualty, or by other means then the Landlord shall, within thirty (30) days from the date of such damage or destruction, notify the Tenant in writing that it elects to cancel this lease or elects to rebuild or repair the said Premises. In addition, if the Landlord cannot repair the damage to the Premises within one hundred twenty (120) days from its occurrence, the Tenant shall have the right to cancel this Lease by written notice to Landlord. If the Landlord elects to rebuild or repair the Premises, the Landlord shall proceed immediately with the rebuilding or repairing in such a manner as to restore the Premises to substantially the same condition as they were at the time of destruction or damage and from the date of the damage or destruction the rental shall abate in proportion to the extent and duration of untenability. If either party elects to cancel this Lease, pursuant to this Section 23, the Premises shall be surrendered by the Tenant to the Landlord on the thirtieth (30) day following the date of receipt of the written notice and this Lease shall become void at that time and the Tenant shall have no further obligation to pay rent or to perform any other covenant or agreement contained herein.

24. RIGHTS CUMULATIVE. The rights, powers, elections and remedies of each of the parties hereto are cumulative and no one of them shall be exclusive of the other and each shall be a continuing right which shall not be exhausted upon being exercised on one or more occasions and no waiver of the breach of any covenant in this Lease shall constitute or be construed as a waiver of any subsequent breach of the same or any other covenant.

25. EMINENT DOMAIN. If any improvements placed on the leased Premises by the Tenant are taken under or pursuant to the exercise of the right or power of eminent domain instituted against the Landlord, the Tenant shall be paid from the proceeds an amount equal to the cost of such improvement placed on said leased Premises by it after first deducting therefrom that portion of the cost which the Tenant has depreciated or amortized for tax purposes. If less than the entire leased Premises are taken under or pursuant to the exercise of a power of eminent domain, this Lease shall continue in full force and effect as to the remaining portion of the Premises, but the Tenant shall be entitled to an equitable reduction or rental so as to compensate it for the loss of space resulting; provided, however, if the amount of property taken pursuant to said power renders the continuous use of the said Premises by the Tenant impractical or undesirable, then the Tenant shall at its option have the right to cancel this Lease upon a ten-day written notice to the Landlord and upon such cancellation the Tenant shall have no further obligation to pay rent or to perform any other covenant or agreement contained herein.

26. DEFAULT BY LANDLORD. Tenant shall give Landlord written notice of any default by Landlord in the observance or performance of any condition, restriction, covenant or agreement required to be performed by Landlord under this Lease specifying such default with particularity. Landlord shall have thirty (30) days after receipt of such written notice within which to cure any the default specified in the notice; provided, however, that if such default cannot, in its nature, be cured within such thirty (30) day period, Landlord shall not be deemed in default if Landlord shall within such thirty (30) day period commence to cure such default and shall diligently prosecute the same to completion. Unless and until Landlord fails to cure any default after such notice,

Tenant shall have no remedy or cause of action by reason thereof. All obligations of Landlord hereof shall be construed as covenants, not conditions; all such obligations will be binding upon Landlord only during the period of ownership of the Building and not thereafter; and no default or alleged default by Landlord shall relieve or delay performance by Tenant of obligations to continue to pay Base Rent and Additional Rent and all other amounts owing hereunder as and when the same shall be due. If after thirty days Tenant cannot operate their business in a reasonable manner as a result of Landlord not curing default, Tenant may terminate the Lease upon 15 days written notice to Landlord.

27. BINDING EFFECT. It is mutually understood and agreed by and between the parties hereto that all covenants, conditions, agreements, obligations and undertakings shall extend to, inure to the benefit of, and be binding upon the respective heirs, personal representatives, successors and assigns of each of the parties hereto in the same manner and to the same extent as if said heirs, personal representatives, successors and assigns were parties hereto.

28. NOTICES AND PAYMENTS. All notices required or permitted by the terms of this Lease shall be in writing and shall be personally delivered, or sent by nationally recognized overnight commercial delivery service (provided a receipt is available with respect to such delivery), or mailed by first-class registered or certified mail, return receipt requested, postage prepaid. Any such notice, request, consent or other communications shall be effective on the date when it is received, if personally delivered, or on the date when it is deposited in the United States Mail or with such overnight delivery service, in accordance with the provisions of this Section. All notices shall be addressed to Tenant at the Premises and addressed to Landlord at:

TO THE LANDLORD:

701 Franklin
P.O. Box 3891
Johnson City, TN 37602

Any address herein specified may be changed from time to time by either party by written notice given to the other party as above provided.

29. DEFAULTS AND GRACE PERIODS. All defaults and grace periods shall be deemed to run concurrently and not consecutively.

30. TITLES. The addition of titles to the various Sections of this Lease is for convenience and identification only and the use of such titles shall not be construed to limit, enlarge, change or modify the terms or provisions set forth herein, each and all of which shall be considered and construed as if not entitled.

31. ATTORNEY'S FEES. If Landlord or Tenant pays any expenses, including any reasonable attorney fees or collection fees, in instituting proceedings or defending any action or proceedings instituted by the other or by reason of any default of Landlord or Tenant, the sum or sums so paid, plus court or other reasonable costs, and damages shall be due from the non-prevailing party to the prevailing party.

32. TENANT'S UTILITIES & PEST CONTROL. Tenant shall also bear and pay immediately when due all deposits and charges for dumpster service, water, sewer, gas, heat, air conditioning, electricity, light, power, telephone or other communication or utility service used, rendered or supplied to or in connection with Tenant's

use of the Premises. Landlord shall insure that all such utilities for the Premises are separately metered; however, Landlord reserves the right to not meter the Premises separately, and to prorate in a manner equitable for each business's usage charges for water, parking lot lighting, sewer and dumpster service. Tenant shall bear and pay, at its sole cost and expense charges for pest control; unless, Landlord provides pest control for the entire property of which the Premises are a part (which Landlord may opt to provide in Section 47C).

Landlord shall estimate for each calendar year the Tenant's share of expenses enumerated in this Section 32 (the "Tenant's Estimated Share"). Tenant shall pay, with each monthly installment of Base Rent one-twelfth ($\frac{1}{12th}$) of the Tenant's Estimated Share to Landlord as Additional Rent.

33. GENDER. Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural and words in the plural number shall be held to mean the singular number when the sense requires.

34. AMENDMENTS. Except as otherwise herein provided, this Lease may be altered, amended or revoked in whole or in part prior to the date of its expiration only by written instrument signed by all parties hereto.

35. ENTIRE AGREEMENT. This Lease contains all of the agreements between the parties hereto and hereby supersedes all prior discussions, negotiations and agreements, whether oral or written. Tenant acknowledges that neither Landlord nor any broker has made any representations to or agreements with Tenant which are not contained in this Lease. This Lease may not be modified in any manner other than by agreement signed by all parties hereto or their successors in interest. The Tenant hereby covenants and agrees not to disclose or discuss with any third party the provisions, covenants, and conditions of this Lease without the prior written consent of the Landlord. In the event Tenant violates this covenant, Landlord reserves the right to either (i) terminate this Lease, or (ii) revoke any Rent or other concessions granted hereunder. The parties specifically agree that this Lease has been negotiated as an arm's length transaction, that each party had the benefit of being or the opportunity to be represented by legal counsel, and that no weight of construction shall be given to one party or another as the drafter of this Lease.

36. MEASURING PREMISES. Whenever this Lease refers to the Premises or the space included in the Premises, it is understood and agreed that when measuring the Premises from front to rear, the measurement is taken from outside of masonry on front wall to outside of masonry on the rear wall; and when measuring from side to side, the measurement is taken from outside of masonry of any end wall(s) and to the center line of the demising wall(s).

37. LATE PAYMENTS AND RETURNED CHECK CHARGES. If Tenant fails to pay, when due, any sum payable hereunder, interest will accrue from the date such payment is due at the interest rate generally announced in the Wall Street Journal, or similar publication, as the prime rate plus two percent (2%), and such interest together with a late charge of Two Hundred Fifty and No/100 Dollars (\$250.00) to cover the extra expense involved in handling such delinquency, which shall be paid by Tenant to Landlord at the time of payment of the delinquent sum. If there is no term such as prime rate utilized in the Wall Street Journal, or similar publication, then the rate most nearly similar to such shall be utilized. Landlord reserves the right to require payment in the form of cashier's check or money order after one or more of Tenant's checks have been returned by the bank unpaid. The late payment fee is Additional Rent and considered compensation for damages suffered by Landlord (not as a penalty) and does not constitute interest.

In the event any check delivered to Landlord by Tenant for rent or for any other monies due and owing to Landlord by Tenant is returned for any reason including, without limitation, insufficient funds, Landlord shall be entitled to charge a check return fee in the maximum amount permitted by law.

38. INSPECTION BY LANDLORD. At all times during the Original Term or any Renewal Term of this Lease, the Landlord shall have the right, by itself, its agents and employees, to enter into and upon the Premises during reasonable business hours for the purpose of inspecting and examining the same and determining whether the Tenant shall have complied with its obligations hereunder in respect to the care and maintenance of the Premises and the repair or rebuilding of the improvements thereon when necessary. The rights of inspection granted to the Landlord in this Section 38 shall not imply any obligation to make repairs for which Landlord is not responsible under the provisions of this Lease. If Tenant shall not be personally present to open and permit an entry into the Premises, at any time, when for any reason an entry therein shall be necessary or permissible, Landlord or Landlord's agents may enter the same by a master key, or may forcibly enter same, without rendering Landlord or such agents liable therefore, and without in any manner affecting the obligations and covenants of this Lease. Landlord maintains a specific keying system for the demised Premises and Tenant agrees to use Landlord's keying system. Tenant shall not change the locks to the demised Premises. If Tenant desires the locks changed, Tenant shall notify Landlord of requested change, which Landlord shall promptly arrange at Tenant's sole cost and expense.

39. ESTOPPEL CERTIFICATE. Recognizing that both parties may find it necessary to establish to third parties, such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, either party, on the written request of one to the other made from time to time, will promptly furnish a written statement on the status of any matter pertaining to this lease.

Without limiting the generality of the foregoing, Tenant specifically agrees, at Landlord's request, promptly upon the commencement of the term hereof, to confirm to Landlord in writing the date of the commencement of the term and the size of the demised Premises and to acknowledge satisfaction of the requirements with respect to construction and other matters by the Landlord, save and except for such matters as Tenant may wish to set forth specifically in said statement. Moreover, at any time within ten (10) business days after request is made, Tenant shall execute, acknowledge and deliver to Landlord and/or Landlord's designee a certificate evidencing whether or not:

- A. This lease is in full force and effect;
- B. This lease has been amended in any way;
- C. There are any existing defaults by Landlord hereunder and specifying the nature of such defaults, if any;
- D. Landlord has performed all improvements or other work, if any, required under this lease;
- E. The date to which Base Rent, including Additional Rent, has been paid;
- F. There is any security deposit held by Landlord and the amount thereof, if any; and

G. The address to which notices are to be given to Tenant.

40. SUBORDINATION, ATTORNMENT, NON-DISTURBANCE AGREEMENT. The rights of the Tenant under this Lease shall be subordinate to the lien and terms and conditions of the Deed of Trust or mortgages, or the lien resulting from any other method of financing or refinancing now or hereafter in force against the real estate and/or buildings of which the demised Premises are a part or against any buildings hereafter placed upon real estate of which the demised Premises are a part. In addition, if the interest of the Landlord in the Property shall be transferred to and owned by the Lender by reason of foreclosure or any other manner, the Tenant shall be bound to the Lender under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining which may be effected in accordance with any option therefore in the Lease, with the same force and effect as if the Lender was the original Landlord under the Lease. Tenant does hereby attorn to (a) the Lender as its landlord when the Lender is in possession of the Property, (b) a receiver appointed in any action or proceeding to foreclose the Deed of Trust, (c) any party acquiring title to the Property and (d) any successor to the Landlord; said attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto immediately upon the Lender succeeding to the interest of the Landlord in the Property. The respective rights and obligations of Tenant and the Lender upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such Renewal, shall be and are the same as now set forth therein; it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if it were set forth at length herein. The provisions of this Section 40 shall be self-operative upon any such demand, and no further instrument shall be required to give effect to said provision. Tenant, however, upon demand of any such holder or Landlord, shall execute, from time to time, instruments in confirmation of the foregoing provisions of this Section 40, satisfactory to any such holder or Landlord, acknowledging such attornment and setting forth the terms and conditions of its tenancy.

If the Lender shall succeed to the interest of the Landlord under the Lease, the Lender shall not be (a) liable for any act or omission of any prior landlord (including the Landlord), (b) subject to any offsets or defenses which the Tenant might have against any prior landlord (including the Landlord), (c) bound by any Base Rent, security deposit or Additional Rent which the Tenant might have paid for more than one month in advance to any prior landlord (including the Landlord), (d) bound by any amendment or modification of the Lease made without the Lender's consent of (e) bound to Tenant beyond the date on which it shall transfer title to the property to a third party.

41. RELEASING OF PREMISES. During the last One Hundred Nineteen (119) days of the Original Term or any Renewal Term of the Lease, the Landlord shall have the right to place a sign upon the Premises indicating that it is for rent and shall also have the right during that period to show the Premises to other prospective tenants at such times as may be convenient to the Tenant.

42. INDEMNITY OF LANDLORD BY TENANT. The Tenant shall protect and save and keep the Landlord forever harmless and indemnified against and from any penalty or damages or charges imposed for any violation of any laws or ordinances, whether occasioned by the neglect of the Tenant or those holding under the Tenant, and that the Tenant will at all times protect, indemnify and save and keep harmless the Landlord against and from any and all loss, cost, damage or expense, arising out of or from any accident or other occurrence on or about the Premises, causing injury to any person or property whomsoever or whatsoever (including the environment as defined by the federal government for such purposes) and will protect, indemnify and save and keep harmless the Landlord against and from any and all claims and against and from any and all loss, cost,

damage, or expense arising out of any failure of the Tenant in any respect to comply with and perform all the requirements and provisions of this Lease.

43. CHANGES REQUIRED BY LENDER. In the event that any bank, insurance company, pension or welfare fund, savings and loan association, real estate trust or other financial institution providing financing for the Shopping Center requires, as a condition of such financing, that modifications to this lease be obtained, and provided that such modifications: (1) are reasonable, (2) do not adversely affect Tenant's use of the demised Premises, as herein permitted, (3) do not materially alter the mutually approved working plans and specifications, if any there be, and (4) do not increase the rents and other sums required to be paid by Tenant hereunder; then and in such event, Landlord may submit to Tenant a written amendment to this lease, incorporating such required changes, and Tenant hereby covenants and agrees to execute, acknowledge (if necessary), and return such amendment to Landlord within ten (10) calendar days of Tenant's receipt thereof from Landlord.

44. CONFIDENTIALITY. Tenant covenants and agrees that this Lease and the terms, conditions and information contained herein are proprietary and confidential. Tenant shall keep the information contained in this Lease strictly confidential and shall not disclose this Lease or any of the terms, conditions or information contained herein to any other person or entity without the prior written consent of Landlord. A violation of the provisions of this Section 24 shall be a default under the terms of this Lease and Landlord shall, at its sole option, be entitled to immediately terminate this Lease. In addition, Landlord shall be entitled to any relief at law or in equity, including injunctive relief.

45. COUNTERPARTS: This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which, when taken together, shall constitute but one and the same instrument. Signatures exchanged by facsimile shall be deemed original signatures for all purposes.

46. SECURITY INTEREST: Tenant hereby grants to Landlord a security interest in any furnishings, equipment, fixtures, inventory, accounts receivable, leasehold, or other personal property of any kind now owned or hereafter acquired by Tenant and located on the Premises. This security interest is granted for the purpose of securing the payment of all Rents and the performance of all obligations of Tenant hereunder. Upon Tenant's default or breach of any covenants of this Lease, Landlord will have all remedies of a Secured Party available under the law of the state where the Premises is located including, but not limited to, the right to take possession of the above-referenced property and dispose of it by sale in a commercially reasonable manner. Tenant hereby agrees to sign a Financing Statement in the form required by the law of the state where the Premises is located at Landlord's request for the purpose of serving notice to third parties of the security interest herein granted. Tenant hereby agrees to pay all filing fees and recording taxes in connection therewith. In the event Tenant fails to execute and deliver to Landlord said Financing Statement within five (5) days after receipt of same from Landlord, Tenant hereby names, appoints and constitutes Landlord as its irrevocable attorney-in-fact, coupled with an interest, to execute said Financing Statement and to take all other action necessary to perfect said security interest on behalf of Tenant. Landlord will have no liability to Tenant or any other person as a result of said agency relationship.

47. SPECIAL PROVISIONS. The following special provisions shall apply to this Lease:

A. DISCLOSURE OF AGENT. As a matter of disclosure, J.M. Cox, Jr. is a licensed real estate agent with Mitch Cox Realtors, Inc. and as owner will have a personal interest in this project as owner/agents.

B. OPTION TO RENEW. The Tenant shall have the right to extend or renew this Lease upon the same terms and conditions as contained herein set forth for two (2) additional terms of five (5) years called "Renewal Term". With the exception of the last Renewal Term provided for in this Lease, this Lease shall automatically renew for an additional term of five (5) years without further action of Lessee or notice to Lessor, unless Lessee shall have given Lessor not less than one-hundred-twenty (120) days' notice by certified or registered mail, return receipt requested, of its intention not to renew this Lease. The Base Rent for the Renewal Term(s) shall be the "Escalated Rent", which shall be calculated at the beginning of each Renewal Term and remain constant during the Renewal Term. In no event shall the Base Rent in a given month be less than the Base Rent for the immediately preceding month.

Definitions. For purposes of this Clause, the following definitions shall apply:

(i) The "Escalated Rent" shall mean the sum of the "Base Rent" during the "Base Month" plus the product of the "Base Rent" multiplied by the "Adjustment Percentage".

(ii) The "Base Month" shall mean the month in which the Original Term is Commenced.

(iii) The "Adjustment Percentage" shall mean either the lesser of a) the result calculated by subtracting the "Base Index" from the "Price Index" and then dividing that result by the "Base Index" or b) the product of the number of years the lease has been in force multiplied by five percent (5%).

(iv) The "Price Index" shall mean the most recent "U.S. City Average of the Consumer Price Index for All Urban Consumers" published by the Bureau of Labor Statistics of the United States Department of Labor for All Items (1982-84=100) or any other successor or substitute index appropriately adjusted;

(v) The "Base Index" shall mean the "Price Index" that shall be in effect in the Base Month.

Formula and Example. The following illustrates the intentions of the parties hereto as the computation of the aforementioned escalation of rent:

(i) Formula. The formula used to calculate the Escalated Rent pursuant to this Clause shall be:

$$\left[\frac{\text{Price Index} - \text{Base Index}}{\text{Base Index}} \times \text{Base Rent} \right] + \text{Base Rent} = \text{Escalated Rent}$$

(ii) Example. Assume that the Base Rent is \$1,000, the Base Index (January 1998) is 102.2, and the Price Index for January 1999 is 105.2; $105.2 - 102.2 = 3.0$; $3.0 \div 102.2 = 0.03$; $0.03 \times \$1,000 = \30 ; $\$30 + \$1,000 = \$1,030$.

Tenant must give to Landlord written notice of its intention to exercise this option to renew by not later than 120 days prior to the expiration of the term of the Lease. Such notice must be sent in accordance with Section 28 of this Lease.

C. COMMON AREA MAINTENANCE. The parking area, sidewalks and other areas outside of the Premises are not intended for the exclusive occupancy of other tenants and which comprise a portion of the center or complex in which the Premises is located shall be available to all tenants, their employees, agents, customers and invitees incidental to their use of the Premises. Tenant agrees to pay upon demand, but not more often than once each calendar month, as Additional Rent (which Additional Rent may be estimated by Landlord, subject to adjustment in future billings to Tenant) a proportionate share of the cost of: operating, lighting, cleaning, removal of snow and ice, salting and sanding, policing, sealing and striping and otherwise properly maintaining, operating and repairing the parking area and other areas common to all in the building or complex; a

reasonable and customary management fee (not to exceed five percent of Rent collected) to cover the management costs relative to the operation of the Common Areas and any buildings; security and alarm monitoring; maintenance, repair and replacement of pylon and monument signs; installation, removal and replacement of Christmas Decorations; pest control (if Landlord provides the pest control for the entire building of which the Premises are a part); maintenance and repair of fire sprinkler system; cleaning, maintenance and replacement of awnings; landscaping and lawn maintenance; and Association Fees.

For the good and welfare of all tenants in the center or complex, Landlord reserves the right to promulgate reasonable rules and regulations relating to the use of all common areas. Said rules and regulations shall be binding upon Tenant upon mailing a copy thereof to Tenant or by posting same in a conspicuous place in the confines of the center or complex to be designed for such purpose. For the enforcement of said rules and regulations Landlord shall have available to it all remedies in this Lease provided for a breach thereof and all legal remedies, whether or not provided for in this Lease, at law or in equity.

Tenant shall pay with each payment of Base Rent a sum equal to one-twelfth (1/12) of the Maintenance Items for the Leased Premises as estimated by Landlord for each calendar year. Landlord shall estimate for each calendar year the Tenant's pro-rata share of Maintenance Items. Tenant's pro-rata share shall be the product of the Maintenance Items enumerated in Subsection 47(C) multiplied by a factor. The "factor" shall be the ratio of the gross square foot area in the Premises divided by the aggregate of the gross square foot area in the building(s) of which the Premises are a part.

D. TENANT BUILD-OUT. Landlord responsibilities are according to the FINISH SCHEDULE & SPECIFICATIONS which is attached as Exhibit "D". Any tenant build-out shall be the sole cost of the Tenant, and shall be payable to Landlord either in cash within ten days of the Landlord billing for said improvements or Landlord will amortize up to \$100,000 worth of Tenant Improvements in the Premises at an interest rate of six and a half percent (6.5%) over the initial term of the lease, which amount shall be deemed Additional Rent and shall be payable together with Base Rent. For example, if the Landlord were to amortize \$10,000.00 over the Original Term of the Lease, the Additional Rent due during the Original Term would be \$195.66 per month. Any improvements which Landlord shall amortize shall be completed prior to the commencement of the Lease and an addendum to the Lease shall be entered into reflecting the amount to be amortized and the corresponding Monthly Rent. Tenant is only required to use Mitch Cox Construction, Inc. for the build-out of any interior space that Tenant elects for Landlord to provide amortize. Mitch Cox Construction, Inc. is an affiliated company of the Landlord.

E. SECURITY DEPOSIT. Tenant shall pay \$3,151.17 to Landlord as a security deposit at the time of the execution of this Lease. Such payment will be held throughout the term of the Lease or any Renewal Term (without interest bearing to the Tenant). Landlord shall return to Tenant the security deposit upon termination of the Lease provided both the Premises is returned to Landlord in its original condition (excepting normal wear and tear) and the Tenant is not delinquent on paying minimum rent, taxes, insurance, common area maintenance charges, and management fee, and all obligations of Tenant have been performed and all amounts owed by Tenant to Landlord under this Lease have been paid. Landlord shall not be required to segregate funds.

F. GUARANTY OF LEASE. Any guarantor(s), its successors, assigns, and legal representatives, executing this Lease hereby guarantees, unconditionally and absolutely to the Landlord, its successors and assigns, the full and faithful performance and observance of all obligations of Tenant arising hereunder, whether now existing

or hereafter arising. The obligations of the guarantor(s) shall in no way be terminated, affected or impaired by reason of the assertion by the Landlord against the Tenant of any of the rights or remedies reserved to the Landlord pursuant to the provisions of this Lease, or the granting of any indulgence or extension of time to the Tenant, or by reason of the amendment, modification, hold over, renewal or extension by the Tenant of the Lease, to all of which the guarantor(s) hereby consents in advance. If this instrument is executed by more than one guarantor, the obligations of such guarantors shall be joint and several. Guarantor(s) does not require any notice of Tenant's nonpayment nonperformance, or nonobservance of the covenants, terms, and conditions of this Lease and hereby expressly waives the right to receive such notice. Insofar as the payment by Tenant of any sums of money to Landlord is involved, this guaranty is a guarantee of payment and not of collection, and shall remain in full force and effect until payment in full to Landlord of all sums payable under the Lease. Guarantor(s) waives any right to require that any action be brought against Tenant or that resort be had to any security or to any other credit in favor of Tenant, subordinates any liability or indebtedness of Tenant held by Guarantor(s) to the obligations of Tenant to Landlord under this Lease, and the benefit of any statute of limitations affecting Guarantor(s)' liability. This Lease is guaranteed by Dr. Jeffrey Wayne Schoondyke with a copy of the guaranty being attached hereto as Exhibit "E" and incorporated herein by reference.

G. OPTION TO PURCHASE. Tenant shall have the exclusive option within the first two years of the Commencement Date "(the "Option Period") to purchase the 8,083 square feet in Suite 1 anytime in the first two years for the following Purchase Price:

| | |
|---------------------------------------|-------------|
| During the 1 st Lease Year | \$1,010,375 |
| During the 2 nd Lease Year | \$1,030,076 |

Landlord shall not make available to any other party the property for sale during the two year period. Notice of intent to purchase shall be given in writing to the Landlord seventy-five days in advance. Landlord will form a condo association to re-plat the property for the purpose of conveying Tenant Suite 1. Rent paid shall not reduce this purchase amount. Any Rent paid shall be pro-rated at closing.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date entered first herein above.

Landlord:
701 Franklin, LLC

Tenant:
Karing Hearts Cardiology, PLLC


By: J.M. Cox, Jr.
Title: Managing Member
Tax ID # 62-1720865


By: Jeffrey Wayne Schoondyke
Title: Sole Member
Tax ID # 27-5016841

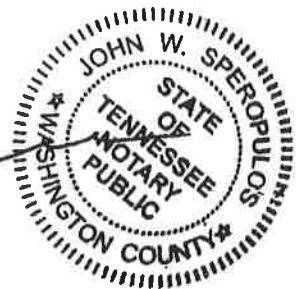
STATE OF TENNESSEE)
)
COUNTY OF WASHINGTON)

Before me, John Speropulos, a Notary Public of the state and county aforesaid, personally appeared J.M. Cox, Jr., with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be a Managing Member of 701 Franklin, a Tennessee Limited Liability Company, the within named bargainor, a partnership, and that he as such general partner executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as general partner.

Witness my hand and seal this 3rd day of April, 2012.

Notary Public

My Commission Expires:
July 26, 2014



STATE OF TENNESSEE)
)
COUNTY OF WASHINGTON)

Before me, John Speropulos, a Notary Public of the state and county aforesaid, personally appeared Jeffery Wayne Schoondyke, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be sole member of Karing Hearts Cardiology, PLLC, the within named bargainor, a limited liability corporation, and that he as such sole member, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as sole member

Witness my hand and seal, at office this 3rd day of April, 2012.

Notary Public

My Commission Expires:
July 16, 2014

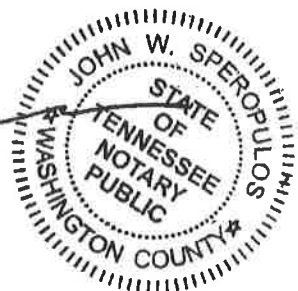


EXHIBIT "A" - LEGAL DESCRIPTION

BEGINNING at an iron rod on the southerly right-of-way line of State of Franklin Road and the easterly right-of-way line of Clinchfield Street; thence with said right-of-way line of State of Franklin Road, S. $46^{\circ} 17' 00''$ E., 438.92 feet to an iron rod on the westerly right-of-way line of Lark Street; thence with said Lark Street right-of-way line the following four courses: (1) S. $01^{\circ} 24' 12''$ W., 56.84 feet to an iron rod, (2) a nontangent curve to the right (Chord S. $12^{\circ} 52' 29''$ W., 77.79 feet, Radius 175.78 feet, Delta $25^{\circ} 34' 02''$, Length 78.44 feet), (3) S. $17^{\circ} 14' 13''$ E., 36.67 feet to an iron rod, (4) S. $02^{\circ} 41' 00''$ W., 1.87 feet to an iron rod, being the common corner between Lots 1 and 2 of State of Franklin Road Properties Subdivision, Section 1; thence with said Lot 2, N. $88^{\circ} 18' 09''$ W., 210.03 feet to an iron rod; being common corner to J.M. Cox, Jr. property (Roll 33, Image 251); thence with said Cox property the following three courses: (1) N. $02^{\circ} 41' 00''$ E., 84.34 feet to an iron rod, (2) N. $46^{\circ} 17' 00''$ W., 199.90 feet to an iron rod, (3) N. $86^{\circ} 40' 30''$ W., 50.00 feet to an iron rod on the easterly right-of-way line of Clinchfield Street; thence with said right-of-way the following five courses: (1) N. $03^{\circ} 19' 30''$ E., 120.30 feet to an iron rod, (2) S. $88^{\circ} 58' 00''$ E., 8.58 feet to an iron rod, (3) N. $02^{\circ} 06' 29''$ E., 47.78 feet to an iron rod, (4) N. $22^{\circ} 52' 42''$ E., 80.79 feet to an iron rod, (5) S. $88^{\circ} 58' 08''$ E., 42.38 feet to the point of BEGINNING, containing 2.41 acres. AND BEING all of Lot 1, State of Franklin Road Properties Subdivision, Section I, as shown on Replat of said Subdivision of record in Plat Book 12, page 43, in the Register's Office for Washington County, Tennessee.

FOR SOURCE OF TITLE, reference is made to the following six deeds to J.M. Cox, Jr.: (1) Deed dated June 14, 1993, from Charles M. Hyder, deceased, of record on Roll 33, Image 251; (2) Deed dated October 27, 1992, from Frances M. Peterson, of record on Roll 20, Image 31; (3) Deed dated December 31, 1992, from the City of Johnson City, of record on Roll 24, Image 1131; (4) Deed dated August 13, 1993, from the State of Tennessee, of record on Roll 37, Image 385; (5) Deed dated August 13, 1993, from the State of Tennessee, of record on Roll 37, Image 387; and (6) Deed dated February 25, 1994, from the State of Tennessee, of record on Roll 48, Image 2215, all in the Register's Office for Washington County, Tennessee.

EXHIBIT "B" - SIGNAGE

In addition to City Sign Code Requirements:

Letters shall not exceed 30" in height, even if there are (2) lines of copy.

Signage cannot exceed 85% of the total width of frontage occupied by tenant.

Individual, Internally Illuminated Custom Fabricated Letters & Logo

A. Fabricated aluminum back and side channels

Color: Side Channels – Tenant to select

B. Faces to be $\frac{3}{16}$ " high impact acrylic plastic

Attach faces to aluminum side channels with 1" trim cap

Color: Faces – Tenant to select

Trim Cap – Tenant to select

C. Illumination to be provided by neon tubing powered by transformers

D. Letters to be mounted on a metal fabricated raceway housing neon transformers and associated wiring.

1. Raceway to be mounted to front of building
2. Raceway to be painted match wall brick on building

E. Sign and raceway shall be manufactured as per Underwriters Laboratories specifications and carry U.L. Seal of Approval (This is required by city code). The color of raceway shall be 23A-1A Pecan Pie by Matthews

F. Landlord to provide one (1) 20 amp dedicated electric circuit for signage.

1. Extend from panel board to sign location.

Note: No single face cabinet signs allowed unless approved by Landlord.

EXHIBIT "C" - RESTRICTED USES

- Any public or private nuisance;
- Any Vibration, noise, sound or disturbance that is objectionable due to intermittence, beat, frequency, shrillness or loudness;
- Any lighting which is not shielded and substantially confined within site boundaries that has not been previously approved in writing by the Landlord
- Any electro-mechanical or electro-magnetic disturbance or any uses which create, use or otherwise involve radiation or radioactive material, except for clinical and/or medical purposes;
- Any uses creating air or water pollution beyond minimum limits permitted by any law, rule, regulation or ordinance then in effect;
- Any emission of odorous, noxious, caustic, or corrosive matter, whether toxic or non-toxic;
- Any litter;
- Any unusual firing, explosion or other damaging or dangerous hazard, including the storage, display, manufacture or sale of explosives or fireworks;
- Any mobile home or trailer court, labor camp, junk yard, stock yard, distillation of bones (for other than research or medical purposes), or animal raising (except for laboratory purposes), outside storage, slaughter or disposition of any kind;
- Any drilling for, excavation, refining and/or removal of earth materials, oil, gas, hydrocarbon substance, water, geothermal steam and any other subsurface substances of any nature whatsoever, except as part of normal grading operations in connection with construction of approved improvements;
- Any dumping, disposal, incineration or reduction of garbage or refuse of any nature whatsoever;
- Any auction, public sale or other auction house operation;
- Any commercial excavation of building or construction materials, other than construction being performed in accordance with plans approved by the Architectural Review Committee;
- Any storage, repair, or manufacturing done outdoors;
- Any sexually oriented business such as, but not limited to, x-rated movie, magazine or video sales, production, theater or rental facility, nude modeling studio, lounge or club featuring nude or semi-nude entertainers or escort service;
- Any cemeteries;
- Any truck terminal or dispatching facility;
- Any massage parlor, or related or similar business;
- Any bowling alleys, tennis clubs, skating rinks, or exterior recreation facilities such as, but not limited to: baseball diamonds, soccer fields, and football fields. This provision shall not, however, preclude the establishment of bicycle or exercise trails as contemplated herein, and in the Master Plan;
- Any other conditions which shall constitute a violation of any law of the United States, the State of Tennessee or any regulation or ordinance promulgated which is applicable to such Property.
- Any Hair Salon
- Any Dry Cleaners
- Any Finance or Loan Company
- Any Pharmacy
- Any Uniform Business
- Any Staffing Agency

EXHIBIT "D" - FINISH SCHEDULE & SPECIFICATIONS

As Is, except:

Landlord shall repair rear doors.

EXHIBIT "E" - GUARANTY

FOR VALUE RECEIVED, and in consideration for, and as an inducement to 701 Franklin, a Tennessee Limited Liability Company ("Landlord") making the within Lease dated _____ with Karing Hearts Cardiology, PLLC ("Tenant"), the undersigned ("Guarantor") guarantees to Landlord, its successors and assigns, the full performance and observance of all the Rent or Additional Rent, therein provided to be performed and observed by Tenant, without requiring any notice of non-payment, non-performance, or non-observance, or proof, or notice, or demand, whereby to charge the undersigned therefore, all of which the undersigned hereby expressly waives and expressly agrees that the validity of this agreement and the obligations of the guarantor hereunder shall in no way be terminated, affected or impaired by reason of the assertion by Landlord against Tenant of any of the rights or remedies reserved to Landlord pursuant to the provisions of the Lease. The undersigned further covenants and agrees that this guaranty shall remain and continue in full force and effect as to any modification of this Lease; however, only during the Original Term. As a further inducement to Landlord to make this Lease and in consideration thereof, Landlord and the undersigned covenant and agree that in any action or proceeding brought by either Landlord or the undersigned against the other on any matters whatsoever arising out of, under, or by virtue of the terms of this Lease or of this guaranty that Landlord and the undersigned shall and do hereby waive trial by jury.

Guarantor represents and warrants to Landlord that Guarantor has a direct and substantial economic interest in Tenant and expects to derive substantial business, economic and other benefits from Tenant and from the Lease, and that the Lease is for a corporate and/or business purpose. Landlord may rely conclusively on the continuing warranty, hereby made, that Guarantor continues to be benefited by the Lease to Tenant and Landlord shall have no duty to inquire into or confirm the receipt of any such benefits. The Guarantor waives any defense to any action taken by the Landlord, including a declaration of default, based on lack of consideration.

DATE:

4/3/2012

GUARANTOR:


PRINT NAME:

Jeffery Wayne Schoondyke - TN Drivers License # 095510051

STATE OF TENNESSEE, COUNTY OF WASHINGTON

Personally appeared before me, John Speropulos, the undersigned Notary Public in and for said County and State, Jeffery Wayne Schoondyke, with whom I am personally acquainted (or who proved to me on the basis of satisfactory evidence), and who acknowledged himself or herself to be the within named bargainer, executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and seal on this the 3RD day of April, 2012.


NOTARY PUBLIC

My Commission Expires: July 26, 2014



EXHIBIT "F" - CONFIRMATION OF AGENCY STATUS

Every real estate licensee is required to disclose his or her agency status in a real estate transaction to any buyer or seller who is not represented by an agent and with whom the licensee is working directly in the transaction. The purpose of this Confirmation of Agency Status is to acknowledge that this disclosure occurred. Copies of this confirmation must be provided to any signatory thereof. Notice is hereby given that the agency status of this licensee (or licensee's company) is as follows in this transaction:

The Company, Mitch Cox Realtor, Inc. in the real estate transaction involving the property located at the property in the lease.

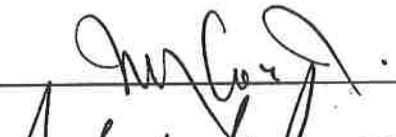
- ☐ is serving as a **Transaction Broker or Facilitator** (not an agent for either party).
- ☒ is serving as an **Agent or Subagent for the Seller**.
- ☐ is serving as an Agent for the Buyer.
- ☐ is serving as a **Disclosed Dual Agent (for both parties)**, with the consent of both the Buyer and the Seller in this transaction.
- ☐ has appointed _____ to serve as **Designated Agent for the Seller**.
- ☐ has appointed _____ to serve as **Designated Agent for the Buyer**.

This form was delivered in writing, as prescribed by law, to any unrepresented buyer prior to the preparation of any offer to purchase, OR to any unrepresented seller prior to presentation of an offer to purchase; OR (if the licensee is listing a property without an agency agreement) prior to execution of that listing agreement. This document also serves as confirmation that the licensee's Agency or Transaction Broker status was communicated orally before any real estate services were provided. **This notice by itself, however, does not constitute an agency agreement or establish an agency relationship.**

Date: 4/3/12 Licensee's Signature: 

Acknowledgment:

I acknowledge the above confirmation of agency status.

Date: 4/3/12 Signature of Landlord: 


Date: 4/3/12 Signature of Tenant: 

EXHIBIT "G" - PERSONAL INTEREST DISCLOSURE & CONSENT

On occasion, a real estate licensee may become involved in a real estate transaction BOTH as a licensed real estate professional AND as a party - directly or indirectly - to the transaction. The Tennessee Real Estate Broker Licensing Act requires that a licensee's personal interest in any transactions be disclosed. Further, said Act requires the written consent of all parties to a transaction with regard to certain personal interests.

As used below:

"Buyer" shall mean Buyer or Tenant.

"Seller" shall mean Seller or Landlord.

DISCLOSURE AND CONSENT AS TO LICENSEE'S PERSONAL INTEREST: [Pursuant to Section 62-13-403 (7)(A) of the Tennessee Real Estate Broker Licensing Act.]

1. Nature of Intent. [Licensee to disclose nature of personal interest by checking appropriate box(es) below.]

The licensee's personal interest with regard to the sale of the property located at 701 N. State of Franklin Road, Suite 1, Johnson City, TN 37604 is as follows:

- ☐ the licensee is the seller/owner of this property;
- ☐ an immediate family member of the licensee is the seller of the property;
- ☒ any other individual, organization or business entity in which the licensee has a personal interest is the seller of the property.
- ☐ the licensee is a prospective buyer of the property.
- ☐ an immediate family member of the licensee is the prospective buyer of the property.
- ☐ any other individual, organization or business entity in which the licensee has a personal interest is a prospective buyer of the property.

2. Consent of Continued Involvement. [If Buyer and/or Seller consent to the licensee's continued involvement in the subject transaction, said consent shall be noted by checking the appropriate box below.]

☒ Buyer

☒ Seller

To Be Signed Prior to Execution of a Real Estate Contract:

[Signature] 4/3/12
Buyer Signature Date

[Signature] 4/3/12
Seller Signature Date

Buyer Signature Date

Seller Signature Date

Licensee Date

[Signature] 4/3/12
Licensee Date

**B.II.E.3--Major Medical Equipment
Vendor Quotations / Draft Leases**

B.III.--Plot Plan

MOLECULAR IMAGING CENTER
FOR:
LIFESCAN OF TENNESSEE
701 N. STATE OF FRANKLIN ROAD, SUITE 1
JOHNSON CITY, TENNESSEE

Architectural
Services

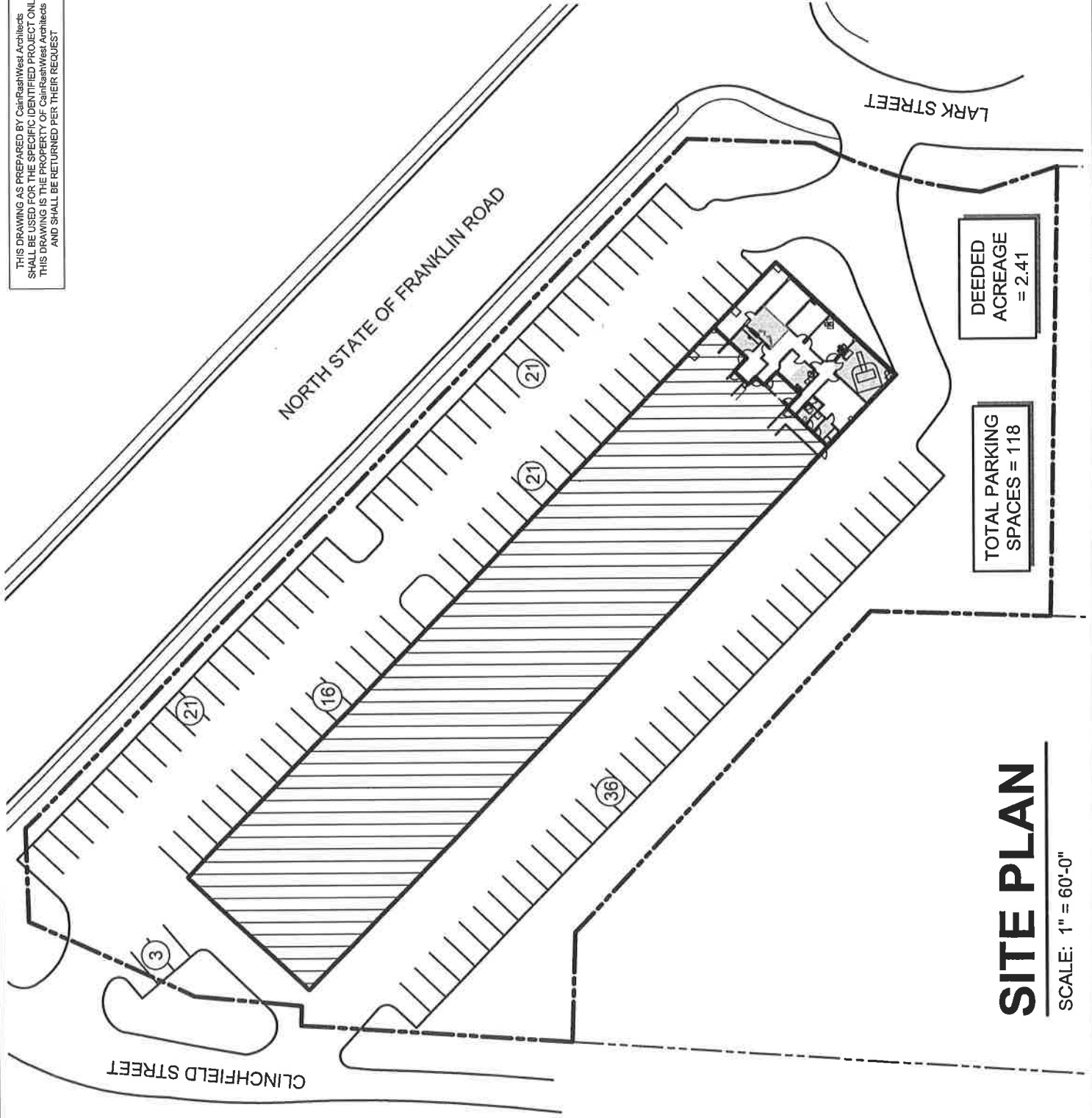
**Cain
Rash
West**
Architects

130 Regional Park Dr.
Kingsport, TN 37660
Phn (423) 349-7760
Fax (423) 349-7413
www.grainc.com

| | |
|--------------|------------|
| issued | 04/11/2013 |
| drawn by | BVH |
| project no. | 00-00 |
| drawing name | SITE PLAN |

C-1

THIS DRAWING AS PREPARED BY CainRashWest Architects
SHALL BE USED FOR THE SPECIFIC IDENTIFIED PROJECT ONLY
THIS DRAWING IS THE PROPERTY OF CainRashWest Architects
AND SHALL BE RETURNED PER THEIR REQUEST



DEEDED
ACREAGE
= 2.41

TOTAL PARKING
SPACES = 118

SITE PLAN

SCALE: 1" = 60'-0"

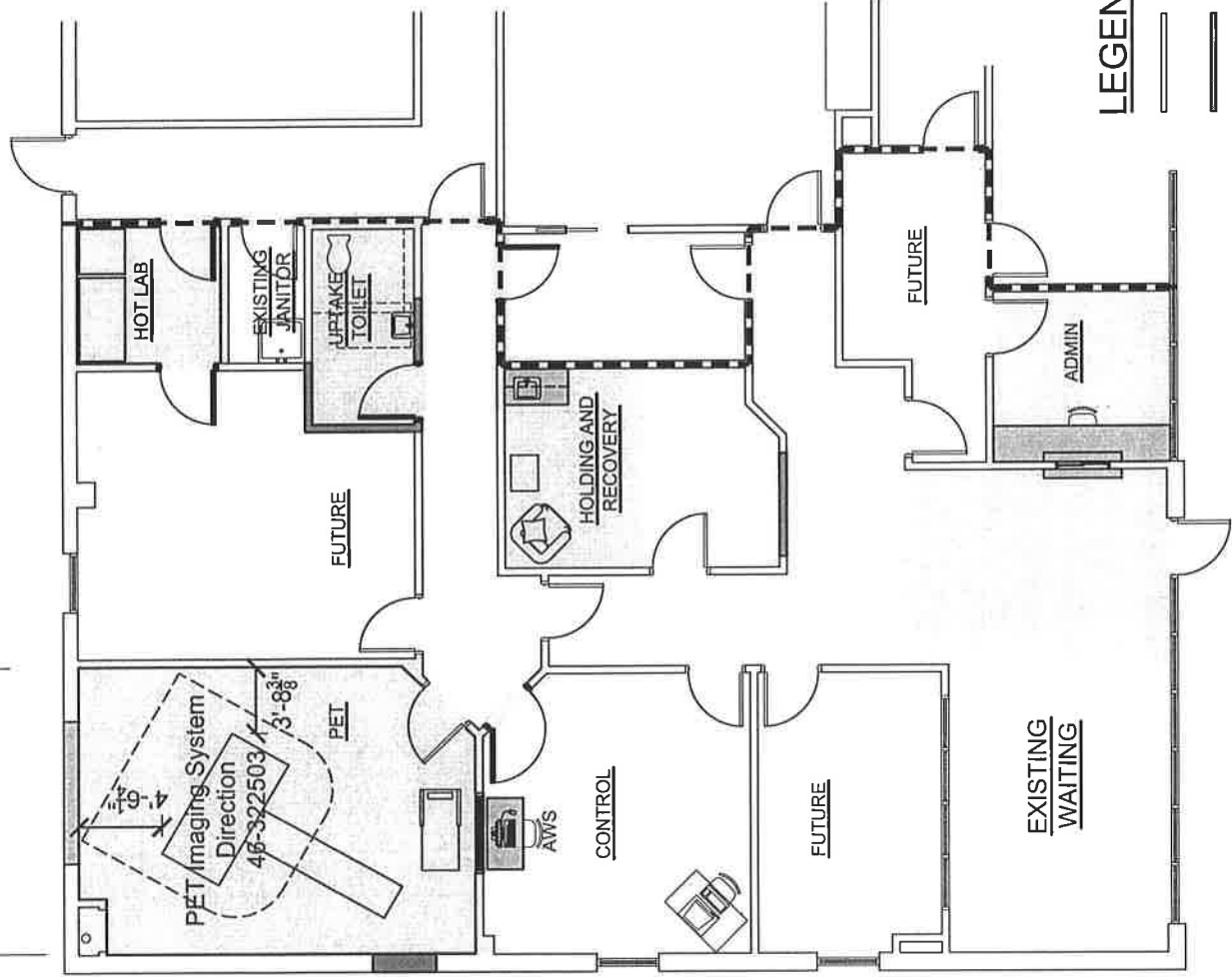
B.IV.--Floor Plan

16'-0 $\frac{1}{2}$ "

21'-6 $\frac{7}{8}$ "

PET Imaging System
Direction
46-322503
4'-0"
3'-8 $\frac{3}{8}$ "

PET



LEGEND

- EXISTING CONSTRUCTION
- NEW WALL
- ONE HOUR RATED SEPARATION WALL
- RENOVATED AREA = 847 SQ. FT.

SCHEMATIC PLAN

SCALE: 3/32" = 1'-0"

MOLECULAR IMAGING CENTER
FOR:
LIFESCAN OF TENNESSEE
701 N. STATE OF FRANKLIN ROAD, SUITE 1
JOHNSON CITY, TENNESSEE

Architectural
Services

Cain
Rash
West
Architects

130 Regional Park Dr.
Kingsport, TN 37660
Phn (423) 349-7760
Fax (423) 349-7413
www.grcinc.com

issued 04/03/2013
drawn by BVH
project no. 201336
drawing name
SCHEMATIC PLAN

A-1

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AND SHALL BE RETURNED PER THEIR REQUEST

C, Need--1.A.3.e.
Letters of Intent & Qualifications



Precision Nuclear, LLC

April 15, 2013

Rob Gregory
Lifescan, TN
830 Suncrest Drive, Suite 2
Gray, TN 37615

Dear Mr. Gregory:

This letter is to confirm the ability and willingness of Precision Nuclear, LLC to supply your PET imaging system and the PET imaging system at CVA Heart Institute with unit dose $[N13]NH_3$ Ammonia for cardiac PET perfusion imaging for the calendar years of 2013 and 2014 at their proposed locations in Johnson City and Kingsport, Tennessee, should their relocation from the existing location in Gray, Tennessee, be approved by the State of Tennessee. If you have any questions or concerns, please do not hesitate to contact me directly.

Sincerely,

Alan W. Arp, Pharm.D.
President, Precision Nuclear, LLC

EQUIPMENT RENTAL TERMS AND CONDITIONS

THIS AGREEMENT made and entered into on this the 1st day of January, 2013, by and between LIFESCAN, TN, LLC, a Tennessee limited liability company, hereinafter "Lessor", and LIFESCAN LEASING, LLC, a Delaware limited liability company, hereinafter "Lessee".

WITNESSETH:

WHEREAS, Lessor owns a GE Advance NXi PET camera, hereinafter "Equipment"; and,

WHEREAS, Lessee desires to lease said Equipment.

THEREFORE, Lessor and Lessee have agreed to the following terms:

1. INITIAL RENTAL TERM AND EXTENSIONS:

(a) INITIAL TERM: This Agreement shall commence on the 1st day of January, 2013 and expire December 31, 2013, or when Lessee ceases use of the Equipment pursuant to a notification to Lessor, whichever is longer, unless a "Rental Agreement Extension" is executed, all Lessee's rights to possess and use the Equipment shall immediately cease at the end of the Term, at which time Lessor may turn off the Equipment or remove it from the Site. Lessee acknowledges its responsibility to pay for services for entire period of the initial term and subsequent extensions.

b) TERM EXTENSIONS: Term extensions must be requested by Lessee prior to the end of the existing Term. The request must specify the dates of the requested extension. The extension shall be in force once Lessee signs and returns a "Rental Agreement Extension" from Lessor. All terms and conditions of this Agreement shall remain in force during the term of the extension, except as specified in the "Rental Agreement Extension," which may include adjustments in monthly rental payments based upon utilization of Equipment.

2. PAYMENT OF RENTAL CHARGES: Lessee shall pay \$12,000.00 per month for exclusive use of the Equipment and will be billed for rental fees at the end of each calendar month. Payment is due within 30 days of the due date printed on the invoice. A late fee of 1.0% per month may be levied on unpaid balances over 30 days past the due date. Rental charges will be payable to Lessor at 701 N State of Franklin Rd Ste 2 Johnson City, TN

3. TRANSPORTATION, RISK OF LOSS, REMOVAL:

(a) Lessor shall deliver equipment to Lessee at Lessee's facilities at 701 N. State of Franklin, Suite __, Johnson City, Tennessee. Lessor is responsible for transportation and risk of loss until the Equipment is installed at the Site. Lessee assumes responsibility for risk of loss when the equipment is installed at the site during the Term.

(b) Title to the Equipment will remain in Lessor free and clear of any lien or encumbrance of anyone other than Lessor, subject only to Lessee's right to peaceful possession and use during the Term. Lessee agrees that the Equipment will remain personal property regardless of how it is

attached to real property. Lessor may have unrestricted access to the Equipment at all reasonable times, during the Term in order to maintain it.

(c) At the end of the Term, Lessor will remove and return the Equipment at Lessor's expense including the cost of all transportation. At no time shall Lessee allow the Equipment to be permanently attached to Lessee's Site. If Lessee makes modifications to the Site or its ingress and egress which impedes the removal of the Equipment after it has been installed, the costs of removing the impediments, restoring the Site and delaying the start of the next scheduled interim rental, if applicable, will be at Lessee's expense.

(d) Lessee will return the Equipment in the same condition and appearance as when received by Lessor (reasonable wear and tear excepted), in good working order and condition and free of any bio-hazardous materials. Lessee may be billed up to \$500.00, when necessary, for removal of excessive waste and/or bio-hazardous material or patient information per the HIPAA guidelines.

4. MAINTENANCE AND REPAIR SERVICES: Lessor shall provide maintenance and repair services to the imaging system through a service contract with the Original Equipment Manufacturer (hereinafter "OEM"). The OEM or its designated affiliates will provide certain services specifically described in this section to the Equipment, within the applicable service coverage hours of OEM's standard workweek.

(a) **SPECIAL SERVICE CONDITIONS:** Subject to the availability of personnel, OEM will provide, at Lessee's request and additional expense (purchase order required), service outside the OEM's standard coverage hours. The charge for service rendered during this time will be the OEM's standard overtime rate then in effect for service contract customers with this type of Equipment including round trip travel time.

(b) **PREVENTATIVE MAINTENANCE:**

Preventative Maintenance Service is required periodically during normal business hours of 8:00.m. to 5:00 p.m. During the Term of this Agreement Lessee will make the equipment available for Preventative Maintenance, at mutually agreed upon time and date, and according to OEM requests.

5. LESSOR'S/LESSEE'S RESPONSIBILITIES:

(a) Lessor shall provide appropriate instruction manuals for the operation of the system. Lessee is responsible for providing competent personnel to operate the system. Any damage or loss resulting from operation of the system not in accordance with the instruction manuals shall be borne by Lessee.

(b) Lessor shall provide Lessee a complete set of site specifications and applicable manuals. Lessee is responsible for all site preparations in accordance with Lessee's site planning specifications.

(c) Lessee is responsible for proper screening of patients. Lessee is fully responsible for controlling access to the Equipment, and for all operations and protocols which use the Equipment or are conducted at the Site.

(d) Lessee is responsible for operating the system according to the prevailing guidelines regarding ionizing radiation and providing radiation protection to patients, as required.

(e) Lessee will provide and maintain a working phone line at the Site for Lessor's use of remote diagnostics from OEM.

(f) Lessor shall provide to Lessee a list of specifications for operation of the system. Lessee will maintain the Site and environment (including temperature and humidity control, incoming power quality, and fire protection system) in accordance with such specifications.

(g) Lessee is responsible for maintaining patient records in compliance with HIPAA guidelines. All images and patient records shall be transferred to Lessee prior to termination of this Agreement. Lessor shall not be responsible for residual patient records that reside on the system at termination of service.

6. EXCLUSIONS FROM SERVICES: OEM's maintenance and repair obligations do not cover conditions caused by:

(i) Lessee's failure to fulfill the responsibilities above;

(ii) Lessee's combining the Equipment with a product of others or with an incompatible product of OEM without Company's prior approval;

(iii) Any alteration or improper storage, handling, use or maintenance of any part of the Equipment by anyone other than OEM or its service contractor;

(iv) Anything external to the Equipment, including building structural deficiency, power surge, fluctuation or failure, and air conditioning failure.

7. OPERATING INSTRUCTION AND APPLICATION TRAINING: Lessee is responsible for operating the system properly. This Agreement does not provide for onsite applications training and the cost for such applications training, as may be requested by Lessee, shall be borne by Lessee.

8. TAXES AND PERMITS:

(a) Lessee shall also be responsible for any taxes and fees due, imposed, assessed or levied against Lessor or Lessee (or any rents or receipts hereunder), by any governmental entity or taxing authority during or related to the Term of this Agreement, including, without limitation, all license and registration fees, permits, duties and charges, together with any penalties, fines or interest thereon (collectively "Taxes"), but excluding any taxes on Lessor's revenues.

(b) Lessee is responsible for obtaining all permits, licenses and certifications necessary for siting and operating the Equipment. Lessor shall not be responsible for any penalties or sanctions levied against Lessee for its failure to obtain permits. Lessee's obligation to pay Lessor in

accordance with this Agreement shall not be dependent upon Lessee's ability to obtain permits, collect accounts receivable or any other reason.

9. DELIVERY, USE AND OPERATION:

(a) Lessee agrees that the Equipment will be used by Lessee solely in the conduct of its business and in a manner complying with all applicable laws, regulations and insurance policies.

(b) Except in the event of an emergency, Lessee will not move any equipment from the Site without prior notice to Lessor.

(c) Lessee will keep the Equipment free and clear of all liens and encumbrances other than those which result from acts of Lessor.

(d) Lessor will not attach or install anything on any Equipment that will impair the originally intended function or use of such Equipment without the prior written consent of Lessee. All additions, parts, supplies, accessories, and equipment ("Additions") furnished or attached to any Equipment that are not readily removable shall become the property of Lessor.

(e) Lessee shall insure that all coils, phantoms, manuals, monitors and other removable items shall be properly stowed and returned upon surrender of the Equipment. Lessee shall be responsible for replacing all lost or missing items.

10. EXCLUSION FROM FEDERAL HEALTHCARE PROGRAMS: Lessor acknowledges that it is not, and has not been, suspended, excluded, barred or sanctioned by Medicare or any other state or federal healthcare program, nor has Lessor, nor to its knowledge, its employees or agents providing performance hereunder, ever been convicted of a criminal offense related to healthcare. Lessor shall notify Lessee promptly if any such action is proposed or taken against Lessor, or if Lessor becomes aware that such action has been taken against its employees or agents, or if Lessor becomes aware that it or its employees or agents, is the subject of an investigation that could lead to such action.

11. INSURANCE: Lessee agrees at its own expense, to keep the Equipment insured with companies acceptable to Lessor for such amounts and against such hazards as Lessor may require, including, but not limited to, all risk physical damage insurance for the Equipment itself, with losses under the policies payable to Lessor or its assigns, if any, and liability coverage for personal injuries, death and/or property damages on terms satisfactory to Lessor during the entire period the equipment is installed at the site. Said liability insurance shall be in an amount specified by Lessor, but not less than two million dollars (\$2,000,000.00). Property insurance shall be in an amount not less than (\$1,000,000.00) or such other amount that Lessor shall specify. Lessee may meet the insurance requirements of this paragraph 10 through its program of self-insurance, if existing.

12. SOFTWARE LIMITED LICENSE: Lessee agrees to comply with any "Licensed Software" Agreements between Lessor and the OEM'S, a copy of which may be found in the Operating Manuals of the system or requested from Lessor. Lessee acknowledges that the operating

software on the system is proprietary and may not be copied, duplicated or dispersed without the appropriate written notification and permission from the OEM.

13. DEFAULT AND REMEDIES:

(a) Lessor may in writing declare this Agreement in default if: (i) Lessee breaches its obligation to pay rental charges or any other sum when due and fails to cure the breach within ten days after receipt of written notice from Lessee; (ii) Lessee breaches any of its insurance obligations under this Agreement; (iii) Lessee breaches any of its other obligations and fails to cure that breach within 30 days after written notice from Lessor; (iv) any representation or warranty made by Lessee in connection with this Agreement shall be false or misleading in any material respect; (v) Lessee or any guarantor or other obligor for Lessee's obligations hereunder ("Guarantor") becomes insolvent or ceases to do business as a going concern; (vi) Lessee assigns any of its interests in this Agreement or in the Equipment without Lessor's prior consent; (vii) if Lessee or any Guarantor is a natural person, any death or incompetency of Lessee or such Guarantor; (viii) a petition is filed by or against Lessee or any Guarantor under any bankruptcy or insolvency laws and in the event of an involuntary petition, the petition is not dismissed within 45 days of the filing date; or (ix) any material adverse change occurs in Lessee's financial condition or business operations (or of any Guarantor) or any material change occurs in the ownership of Lessee.

(b) Upon the occurrence of an event of default hereunder, Lessor shall have the option to do one or more of the following: (i) declare the aggregate rental charges payable under this Agreement immediately due and payable; (ii) declare all other amount(s) due Lessor hereunder immediately due and payable; (iii) collect from Lessee, on all monies due but unpaid for more than ten days, a late charge of 5.0% (five percent) each month until paid, and in addition to, the amount of all such monies, but not exceeding the lawful maximum; (iv) take possession of the Equipment and remove same from its existing location(s) with notice to Lessee; and (v) assert any other remedies available to Lessor at law or in equity (including, without limitation, under the Uniform Commercial Code). Any return and/or repossession of the Equipment shall not waive or impair any of Lessor's rights or remedies. Except as otherwise provided for herein or by law, all amount(s) due Lessor after an event of default shall be due and payable without regard to any action taken by Lessor regarding the Equipment.

(c) The foregoing remedies are cumulative, and any or all thereof may be exercised instead of or in addition to each other or any remedies at law, in equity, or under statute. Lessee shall pay Lessor's reasonable attorney's fees and other costs and expenses incurred in connection with the enforcement, assertion, defense or preservation of Lessor's rights and remedies under this Agreement, or if prohibited by law, such lesser sum as may be permitted, if Lessor is the prevailing party in any such claim.

14. LIMITATION OF REMEDIES AND DAMAGES: Lessor's liability for actual, proven damages in connection with this Agreement, whether arising under contract, tort, or any other theory of law, will not in the aggregate exceed an amount equal to Lessee's actual direct damages. In no event will Lessor be liable for any consequential, special, indirect, incidental, or punitive loss, damage, or expense. Lessee will be barred from any remedy unless Lessee gives Lessor prompt written notice of the problem. Any claim related to this contract will be covered solely by commercial legal principles. Lessor, its representatives and Lessee will not have any

negligence or other tort liability to the other arising from this Agreement. This limitation does not affect claims by third parties for personal injury due to Lessor's, its representatives or Lessee's negligence or product liability.

15. EXCUSABLE DELAYS AND PERFORMANCE ISSUES: Neither party is liable for delays or failures in performance of any obligations under this Agreement, other than payment obligations, due to a cause beyond its reasonable control.

16. MISCELLANEOUS:

(a) LESSOR AND LESSEE UNCONDITIONALLY WAIVE THEIR RIGHTS TO A JURY TRIAL OF ANY CLAIMOR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE RELATED DOCUMENTS, ANY DEALINGS BETWEEN LESSOR OR LESSEE RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN LESSOR AND LESSEE. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. THIS WAIVER IS IRREVOCABLE.

(b) Time is of the essence of this Agreement. Either party's failure at any time to require strict performance by the other of any of the provisions hereof shall not waive or diminish such party's right at any other time to demand strict compliance with this Agreement. This Agreement hereto constitutes the entire Agreement of the parties with respect to the subject matter hereof. No prior proposals, statements, course of dealing or usage of trade will be a part of this Agreement. NO VARIATION OR MODIFICATION OF THIS AGREEMENT OR ANY WAIVER OF ANY OF ITS PROVISIONS OR CONDITIONS, SHALL BE VALID UNLESS IN WRITING AND SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE PARTIES HERETO.

(c) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TENNESSEE (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE EQUIPMENT.

(d) Any cancellation or termination by Lessee, pursuant to the provisions of this Agreement or amendment hereto of the rental of any Equipment hereunder, shall not release Lessee from any then outstanding obligations to Lessor hereunder.

This Agreement constitutes the entire agreement between Lessor and Lessee, and may not be modified or amended except by a written instrument signed by both parties.

IN WITNESS WHEREOF, the parties have caused this Lease agreement to be executed by their duly authorized officers on the 24 day of December, 2012.

LIFESCAN, TN, LLC
LESSOR:

By: 

Title: Owner

LIFESCAN LEASING, LLC
LESSEE

By: 

Title: Member

Jeffrey W. Schoondyke MD, MPH, FACC, CCDS

212 Highland Gate Dr.
 Johnson City, TN 37601
 (H) 423-753-6655
J3schoondyke@yahoo.com

Biographical Data

Birthplace: Rock Island, Illinois (12/31/1968)

Marital Status: Married

Spouse Name: Jennifer Schoondyke

Children: Jeffrey, Age 15

Kathryn, Age 13

Kari Elizabeth, 7 months

| <u>Education/Employment History</u> | <u>Degree</u> | <u>Dates of Attendance</u> |
|--|----------------------|-----------------------------------|
| • Northern Arizona University Flagstaff, AZ | BS | 8/87-5/92 |
| • University of Oklahoma Oklahoma City, OK | MPH | 8/92-5/95 |
| • St. George's University School of Medicine Grenada, West Indies | MD | 8/95-5/99 |
| • East Tennessee State University Department of Internal Medicine Residency Program Johnson City, TN 37614 | | 7/99-6/02 |
| • Cardiology Fellowship East Tennessee State University Department of Cardiology Johnson City, TN 37614 | | 7/02-6/05 |
| • Johnson City Emergency Physicians- Contract ER Physician Johnson City Medical Center VAMC Mountain Home Tennessee Johnson County Medical Center | | 7/02-6/05 |
| • Bristol Consultants, PC Bristol Regional Medical Center Bristol, TN | | 2/04-6/05 |
| • Halifax Heart Center, PC Boston, VA Cardiologist | | 7/05-5/06 |
| • Mountain States Medical Group Formerly Heart & Vascular Johnson City, TN Cardiologist | | 6/06-2/11 |

- Karing Hearts Cardiology, PLLC
Johnson City, TN
Cardiologist 3/2011-Present

Academic Appointments

6/06-present

- East Tennessee State University
Associate Professor of Medicine/Cardiology
James H. Quillen College of Medicine Johnson City, TN

Licensure and Boards

Date of Examination

- | | |
|--|---------|
| • Board Certified Internal Medicine | 8/2002 |
| • Board Certified Cardiovascular Disease | 11/2005 |
| • Heart Rhythm/NASPE Certified- CCDS | 9/2007 |
| • Tennessee Medical License #36563 | |
| • Virginia Medical License #0101237133 | |
| • North Carolina Medical License #2005-01437 | |
| • Current DEA Registration #BS7825790 | |

Professional Memberships

- American College of Cardiology
- American Board of Internal Medicine
- Heart Rhythm Society
- Tennessee Medical Society

Cardiovascular Skill Set

- Diagnostic Left and Right Cardiac Catheterization
- Trans-Esophageal Echocardiography
- Trans-Thoracic Echocardiography
- SPECT Perfusion Imaging Interpretation
- Cardiac PET Scanning
- DC Cardioversion
- Permanent Pacemaker Insertion
- Bi-Ventricular ICD/Pacemaker Insertion
- ICD Insertion
- IABP Insertion
- Pericardiocentesis

Presentations

- **Schoondyke Jeffrey W., MD, MPH; Fitzpatrick Oney, D., Ph.D.** Sexual Attitudes and Behaviors for a New Generation: Are They Really Changing? Slide Presentation at the Rocky Mountain Psychological Association Conference. Denver, Colorado. 1991.
- Mohan Rajesh, M.D.; Kelly Jim, Ph.D.; Ponder Michael, M.D.; **Schoondyke Jeffrey W., M.D., MPH;** Douglas John E., M.D. Fosinopril Induced Hepatotoxicity- Review of the literature and description of the first case in humans. 2001 International Experimental Biology Meeting. April 4, 2001, Orlando, Fl.

- **Schoondyke Jeffrey W., MD, MPH;** Mohan Rajesh, MD; Appakondur Sirinivasa, MD; Sandhu Dalpinder, MD; Downs Chris, MD; Bala Chidambaram, M.D.; Ponder Michael, MD, FACC. Elevated Troponin-I in a Patient With Acute Pulmonary Embolism Without Evidence of Coronary Artery Disease - A review of the literature and description of a case presenting with chest pain, acute onset shortness of breath and hypoxia. 2001 International Experimental Biology Meeting, April 4, 2001. Orlando, FL.
- **Schoondyke Jeffrey W., MD, MPH;** Baha Shabaneah, MD; Jack Whitaker, MD. Papillary Fibroelastoma of the left ventricle. Southern Medical Association National Meeting. November, 2002.
- **Schoondyke, Jeffrey W., MD, MPH.** 7th Annual Nurse Practitioner/Physician Assistant Conference for Primary Care. CHF Lecture Incorporating the New ACC Guidelines. April 1, 2003.
- **Schoondyke, Jeffrey, W. MD, MPH.** CHF Update. *Medical College of Georgia* Grand Rounds. May 2003.
- **Schoondyke, Jeffrey W. MD, MPH, FACC** Mended Hearts Monthly Meeting 3-09.
- **Schoondyke, Jeffrey W. MD, MPH, FACC.** Keynote Speaker, Mended Little Hearts Inaugural Chapter Meeting. Niswonger Children's Hospital, April 23, 2009.
- **Schoondyke, Jeffrey W. MD, MPH, FACC.** ETSU College of Medicine Annual Cardiovascular CME New Horizons Symposium. Post MI Care: An Update for Primary Care Physicians. May 2, 2009.
- **Schoondyke, Jeffrey W. MD, MPH, FACC, CCDS.** ETSU College of Medicine Annual Cardiovascular CME New Horizons Symposium. Progress in Stress Testing and Nuclear Imaging. January 25, 2013.

Research & Publications

- **Schoondyke Jeffrey W., MD, MPH;** Fitzpatrick Oney, D., Ph.D. Sexual Attitudes and Behaviors for A New Generation: Are They Really Changing? *College Student Behavior*, 1991.
- Oklahoma State Department of Health. Primary prevention for reducing firearm related morbidity and mortality. Research data collected for state health department. 1994-1995.
- Simms, J. Paul, PhD.; **Schoondyke Jeffrey, W., MD, MPH.** Use of a Personal Digital Assistant (PDA) to Monitor Vital Patient Functions in a Medical-Evacuation setting.
- **Schoondyke Jeffrey W., MD, MPH;** Hubbs Doris, MD; Ridgeway Nathan, MD, FACP. Preventable Rhabdomyolysis in Prison Inmates. *Journal of the Tennessee Medical Association*. Sept. 2001. Vol. 94. No. 9. 337-338.
- **Schoondyke Jeffrey W., MD, MPH;** Mohan Rajesh, MD; Appakondur Sirinivasa, MD; Sandhu Dalpinder, MD; Downs Chris, MD; Ponder Michael, MD, FACC. Elevated Troponin-I in a Patient With Acute Pulmonary Embolism Without Evidence of Coronary Artery Disease - Review of the literature and description of a case presenting with chest pain, acute onset shortness of breath and hypoxia. *Journal of the Tennessee Medical Association*, April 2002.
- **Schoondyke Jeffrey W., MD, MPH.** Fosinopril Induced Hepatotoxicity in a Complex Medical Patient. *Journal of the Tennessee Medical Association* May 2002.
- **Schoondyke, Jeffrey W., MD, MPH;** Burrell, Jonathan, DO.; Shabaneah, Baha, MD; Fahrig, Stephen A. MD; Whitaker, Jack, MD. Papillary Fibroelastoma involving the Left Ventricular Wall. *Cardiovascular Reviews*, 2003.

- Abi-Saleh B, Isakandar SB, **Schoondyke JW**, Fahrig, S. Tako-tsubo syndrome as a consequence of transient ischemic attack. Rev Cardiovasc Med. 2006 Winter;7(1):37-41. PMID: 1653449eb
- Mechleb BK, Kasasbeh ES, Isakandar SB, **Schoondyke JW**, Garcia ID. Mitral Valve Prolapse: Relationship of echocardiography characteristics to natural history. Echocardiography. 2006 May;23(5):434-437. PMID: 16686634
- Abi-Saleh B, **Schoondyke JW**, Abboud L, Downs CJ, Haddadin TZ, Isakandar SB. Tricuspid valve involvement in carcinoid disease. Echocardiography. 2007 Apr;24(4):439-442. PMID:17381657
- **Schoondyke, Jeffrey W., MD, MPH, FACC**; Kari's Story- Daddy's Little Girl. Voice Magazine for Women. June 2009 p.5-6.
- **Schoondyke, Jeffrey W., MD, MPH, FACC**; Physician Spotlight. East Tennessee Medical News. June 2009. Pg 5-9.
- **Schoondyke, Jeffrey W., MD, MPH, FACC**; Physician to Physician: Patients versus Process. East Tennessee Medical News. February, 2010.

Clinical Trial Research

- Principle Investigator- CURRENT Trial 2007
- Sub-PI Timi 48 Trial 2008-2009
- Medtronic Optivol Trial 5/2009
- PI Novartis LCZ 676 Clinical Trial 3/1010

Speakers Bureau

- Boehringer Ingelheim Pharmaceuticals 2007
- Pfizer Pharmaceuticals Since 2004
- Medtronic 2007
- Molecular Imaging Alliance 2010

Honors and Scholarship

- Dean's List- Northern Arizona University, 1989-1992.
- Annual Undergraduate Research Award – Northern Arizona University 1992.
- Outstanding Psychology Student- Northern Arizona University 1992.
- Dean's List- St. George's University School of Medicine 1996-99.
- Chief Resident- Johnson City Medical Center. East Tennessee State University, Dept of Internal Medicine. 2001-2002.
- Chief of Chief Residents- East Tennessee State University College of Medicine. 2001-2002.

- ICGME Resident Representative. East Tennessee State University. 2001- 2002.
- Chief Cardiology Fellow- East Tennessee State University 2004-2005.
- Business Journal Healthcare Hero Award Recipient 2009.
- Medical Director Mountain States Medical Group- Cardiology 2009.
- Medical Director Molecular Imaging Alliance 2010.
- National Cardiology Advisor Nuclear Medicine- Molecular Imaging Alliance 2010.
- Vice-Chair Department of Cardiology Mountain States Medical Center 2012-2014.
- Most Loved Provider from Project Access 2012.

Volunteer Work

- President, Kari's Heart Foundation, Inc. A non-profit 501c3 charitable organization which provides assistance to the families of hospitalized children. 8/2008- Present.
- March of Dimes 2009 & 2010.
- Project Access: A non-profit service for underserved individuals within the healthcare system.

References Available On Request

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ATTESTS THAT

Jeffrey M. Schoondyke

HAS MET THE REQUIREMENTS OF THIS BOARD AND IS HEREBY
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AS A DIPLOMATE IN

CARDIOVASCULAR DISEASE



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772510

State of Tennessee
Division Of Health Related Boards

8331114
License No.
MD0000036563

This Certifies that
JEFFREY WAYNE SCHOONDYKE, MD
whose credentials have been approved by the:
BOARD OF MEDICAL EXAMINERS
has fulfilled all requirements for renewal and registration as
required by the Tennessee Code Annotated and is a duly
authorized: MEDICAL DOCTOR
in the State of Tennessee through **DECEMBER 31, 2014**



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Tomography

Monica C. Hart

Specialty No: S-81918

is an active Certified PET Technologist in good standing.

Expiration: 07/31/2013

Recertification Year: 12/07/2017

The Nuclear Medicine Technology Certification Board

This status is only guaranteed at the time this card was issued. For up to date status, please refer to the online verification function at www.nmtcb.org.



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I.D. Number

Valid Thru End Of

298712

JUL-2013

MONICA CHARMAINE HART,

R.T.(R) (ARRT)

171 BOB CLARK RD

JONESBOROUGH, TN 37659-4823

-Status-In CE Compliance-

CE Biennium

07/01/2011

06/30/2013

LOW

HEALTHCARE PROVIDER

**Healthcare
Provider**



**American
Heart
Association**

Monica Hart

This card certifies that the above individual has successfully completed the cognitive and skills evaluations in accordance with the curriculum of the American Heart Association BLS for Healthcare Providers (CPR and AED) Program.

June 1, 2012

Issue Date

June, 2014

Recommended Renewal Date



NMTCB

www.nmtcb.org

(404) 315-1739

**The Nuclear Medicine Technology
Certification Board CERTIFIES THAT**

Monica C. Hart

Certificate No: 019343

is an active Certified Nuclear Medicine Technologist in good standing.

Certificant since: 09/13/1996

Expiration: June 30, 2013

The status is only guaranteed at the time this card was issued. For up to date status, please refer to the online verification function at www.nmtcb.org.

NMTCB

www.nmtcb.org
(404)315-1739



**Nuclear
Cardiology
Technologist**

Monica C. Hart

Specialty No: S-81918

is an active Certified NCT in good standing.

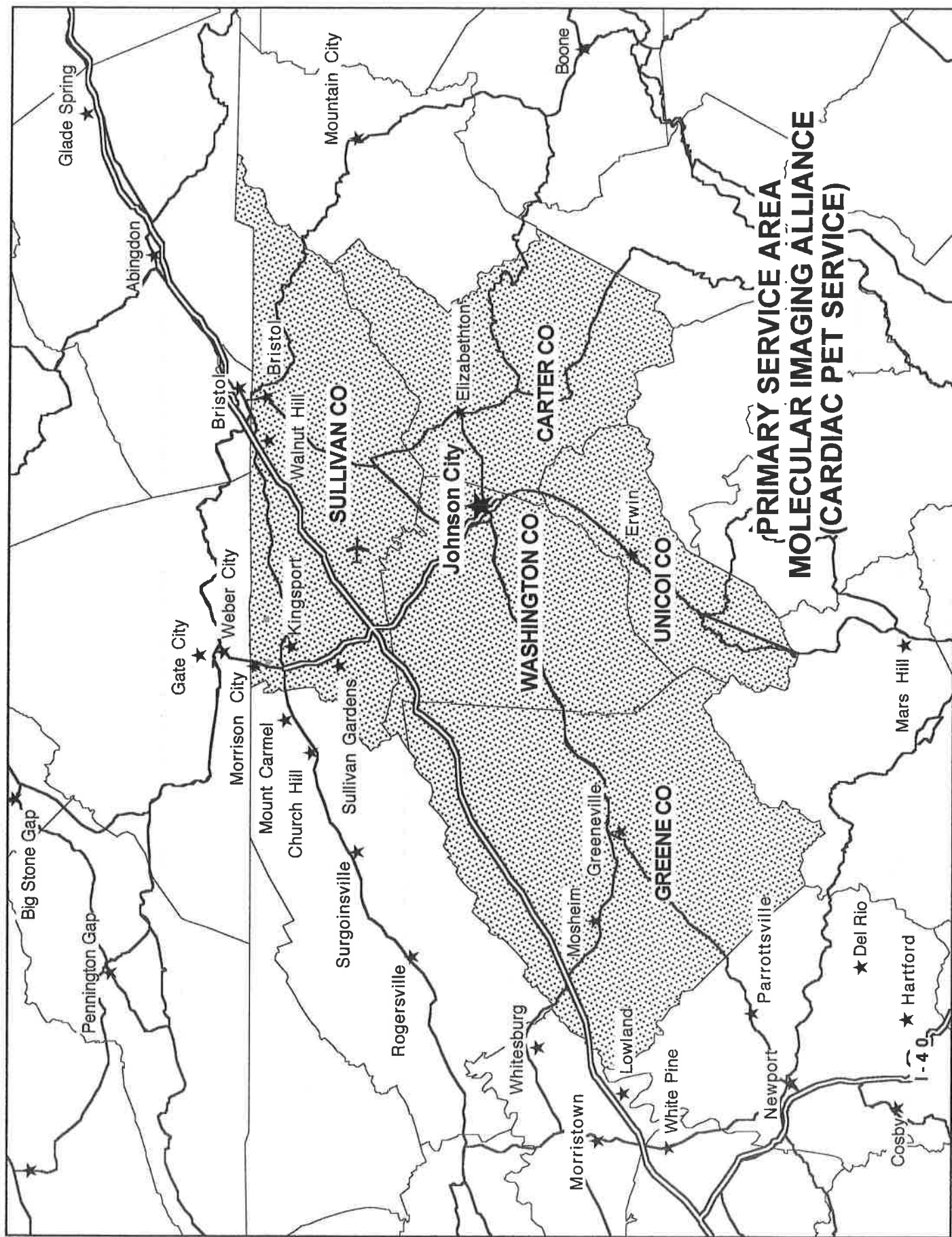
Expiration: 07/31/2013

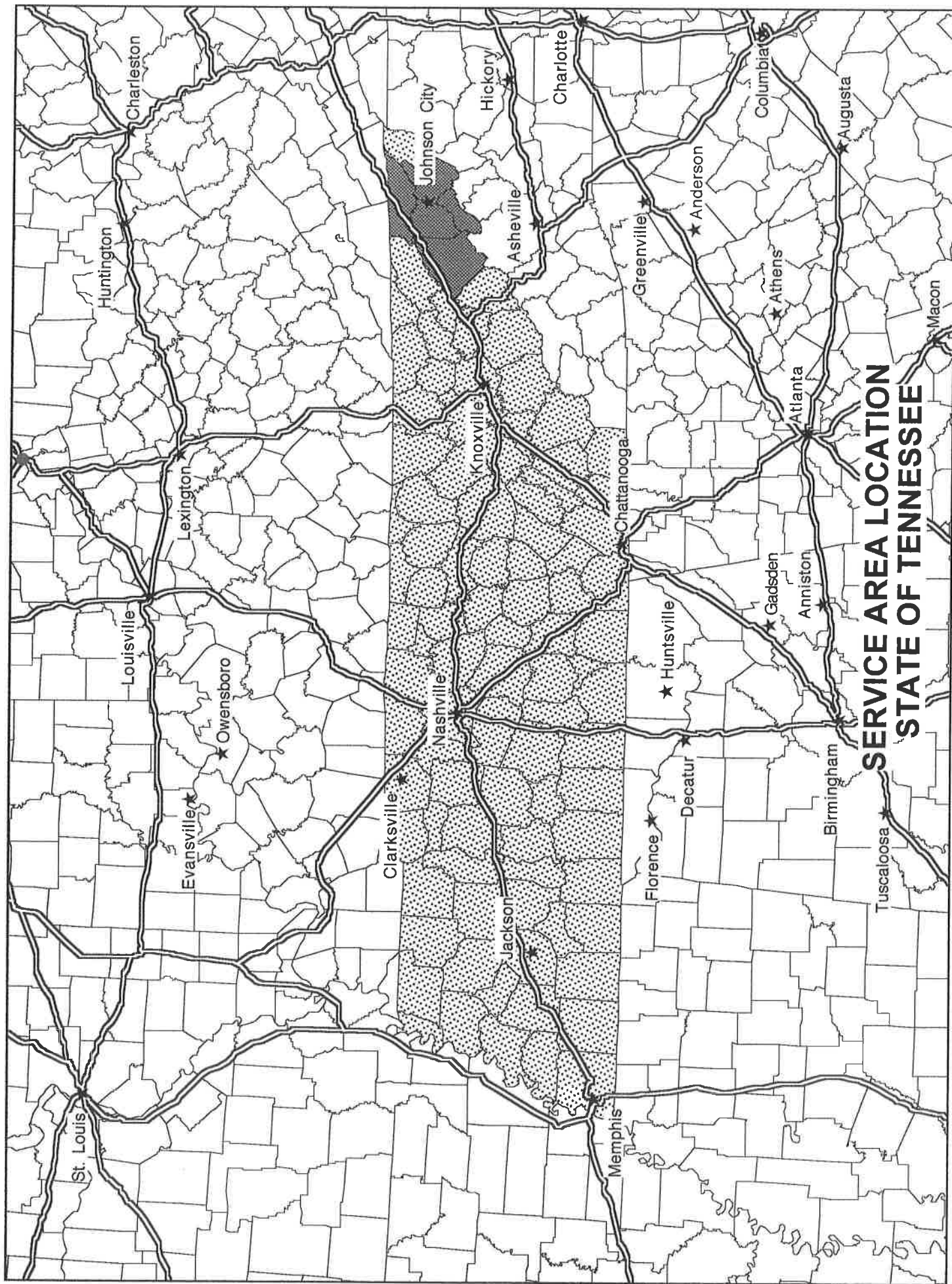
Recertification Year: 07/10/2015

The Nuclear Medicine Technology Certification Board

This status is only guaranteed at the time this card was issued. For up to date status, please refer to the online verification function at www.nmtcb.org.

**C, Need--3
Service Area Maps**





SERVICE AREA LOCATION
STATE OF TENNESSEE

C, Economic Feasibility--1
Documentation of Construction Cost Estimate



Architectural
Services

April 12, 2013

Mr. Rob Gregory
Lifescan of Tennessee
701 N State of Franklin Road, Suite 1
Johnson City, Tennessee 37601

**Subject: Verification for Construction Cost Estimate
New Molecular Imaging Center – Interior Bulldout
Johnson City, Tennessee**

CainRashWest, Architects an architectural firm in Kingsport, Tennessee, has reviewed the cost data for the above referenced project, for which this firm has provided a preliminary design. The stated renovated construction cost is approximately \$150,000.00. [In providing opinions of probable construction cost, the Client understands that the Consultant has no control over the cost or availability of labor, equipment of materials, or over market conditions of the selected Contractor's method of pricing, and that the Consultant's opinions of probable construction costs are made on the basis of the Consultant's professional judgment and experience. The Consultant makes no warranty, express or implied, that the bids or negotiated cost of the Work will not vary from the Consultant's opinion of probable construction cost.]

It is our opinion that at this time, the projected renovated construction cost is reasonable for this type and size of project and compares appropriately with similar projects in this market.

The current building codes applicable to the project, as the date of the letter, will be:

International Building Code, 2006

NFPA 101 Life Safety Code, 2006

FGI Guidelines for Design and Construction of Health Care Facilities, 2010 Edition

ANSIA-117.1, 2003

Sincerely,

A handwritten signature in dark ink, appearing to read "M. Hiram Rash", followed by a long horizontal line.

M. Hiram Rash, AIA
TN License # 15351
CainRashWest, Architects

C, Economic Feasibility--2
Documentation of Availability of Funding



March 8, 2013

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Frost Building, Third Floor
161 Rosa Parks Boulevard
Nashville, Tennessee 37203

RE: (Lifescan Tennessee Cardiac PET ODC change of site)

Dear Ms. Hill:

This letter is to provide assurance that (Mountain Commerce Bank) is familiar with the subject project, which is being proposed by (Lifescan Tennessee).

Upon submittal and approval of a formal financing application, we would expect to be able to provide both construction and permanent financing for this project. We understand that the financing required would total approximately \$204,500.00 of initial funding.

The loan package on this project would of course reflect market conditions at the time of loan approval. Currently we would expect to finance this type of project at an interest rate of approximately 5%, for a term of 10-years. Attached is an amortization schedule reflecting that estimate.

We look forward to helping with the financing of this project.

Sincerely,

Kenneth N. Raff II
First Vice President

3122 Bristol Hwy Johnson City TN 37601
PH: 423-232-5014

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Loan calculator and Amortization

Loan amount: \$

Loan term: years or months

Interest rate: % per year

Loan start date:

Monthly Payments: \$

Extra payments

Calculate the impact of extra payments using any combination of the inputs below.

Adding: \$ to your monthly paymentAdding: \$ as an extra yearly payment every Adding: \$ as a one-time payment in Changes paid off date to:

Amortization table for \$204,500.00 borrowed on Dec 01, 2013

| Month / Year | Payment | Principal Paid | Interest Paid | Total Interest | Balance |
|--------------|------------|----------------|---------------|----------------|--------------|
| Jan. 2014 | \$2,270.37 | \$1,247.87 | \$1,022.50 | \$1,022.50 | \$203,252.13 |
| Feb. 2014 | \$2,270.37 | \$1,254.11 | \$1,018.26 | \$2,038.76 | \$201,998.02 |
| Mar. 2014 | \$2,270.37 | \$1,260.38 | \$1,009.99 | \$3,048.75 | \$200,737.64 |
| April 2014 | \$2,270.37 | \$1,266.68 | \$1,003.69 | \$4,052.44 | \$199,470.96 |
| May 2014 | \$2,270.37 | \$1,273.01 | \$997.35 | \$5,049.79 | \$198,197.95 |
| June 2014 | \$2,270.37 | \$1,279.38 | \$990.99 | \$6,040.78 | \$196,918.57 |
| July 2014 | \$2,270.37 | \$1,285.78 | \$984.59 | \$7,025.38 | \$195,632.79 |
| Aug. 2014 | \$2,270.37 | \$1,292.21 | \$978.16 | \$8,003.54 | \$194,340.59 |
| Sept. 2014 | \$2,270.37 | \$1,298.67 | \$971.70 | \$8,975.24 | \$193,041.92 |
| Oct. 2014 | \$2,270.37 | \$1,305.16 | \$965.21 | \$9,940.45 | \$191,736.76 |
| Nov. 2014 | \$2,270.37 | \$1,311.69 | \$958.68 | \$10,899.14 | \$190,425.07 |
| Dec. 2014 | \$2,270.37 | \$1,318.24 | \$952.13 | \$11,851.28 | \$189,106.83 |
| Jan. 2015 | \$2,270.37 | \$1,324.84 | \$945.53 | \$12,796.80 | \$187,782.00 |
| Feb. 2015 | \$2,270.37 | \$1,331.48 | \$938.91 | \$13,735.71 | \$186,450.54 |
| Mar. 2015 | \$2,270.37 | \$1,338.12 | \$932.25 | \$14,667.96 | \$185,112.42 |
| April 2015 | \$2,270.37 | \$1,344.81 | \$925.60 | \$15,593.52 | \$183,767.61 |
| May 2015 | \$2,270.37 | \$1,351.53 | \$918.84 | \$16,512.36 | \$182,416.08 |
| June 2015 | \$2,270.37 | \$1,358.29 | \$912.08 | \$17,424.44 | \$181,057.79 |
| July 2015 | \$2,270.37 | \$1,365.08 | \$905.29 | \$18,329.73 | \$179,692.71 |
| Aug. 2015 | \$2,270.37 | \$1,371.91 | \$898.46 | \$19,228.19 | \$178,320.81 |
| Sept. 2015 | \$2,270.37 | \$1,378.77 | \$891.60 | \$20,119.80 | \$176,942.04 |
| Oct. 2015 | \$2,270.37 | \$1,385.68 | \$884.71 | \$21,004.51 | \$175,556.36 |
| Nov. 2015 | \$2,270.37 | \$1,392.59 | \$877.78 | \$21,882.29 | \$174,163.80 |
| Dec. 2015 | \$2,270.37 | \$1,399.55 | \$870.82 | \$22,753.11 | \$172,764.24 |
| Jan. 2016 | \$2,270.37 | \$1,406.55 | \$863.82 | \$23,616.93 | \$171,357.70 |

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|------------|------------|------------|----------|-------------|--------------|
| Feb. 2010 | \$2,270.37 | \$1,413.58 | \$858.79 | \$24,473.72 | \$189,844.12 |
| Mar. 2010 | \$2,270.37 | \$1,420.85 | \$849.72 | \$25,323.44 | \$188,523.47 |
| April 2010 | \$2,270.37 | \$1,427.75 | \$842.82 | \$26,188.05 | \$187,095.72 |
| May 2010 | \$2,270.37 | \$1,434.88 | \$835.48 | \$27,061.53 | \$185,560.82 |
| June 2010 | \$2,270.37 | \$1,442.07 | \$828.30 | \$27,929.84 | \$184,218.78 |
| July 2010 | \$2,270.37 | \$1,449.28 | \$821.09 | \$28,850.93 | \$182,760.48 |
| Aug. 2010 | \$2,270.37 | \$1,456.52 | \$813.85 | \$29,494.78 | \$181,312.88 |
| Sept. 2010 | \$2,270.37 | \$1,463.80 | \$806.59 | \$30,271.34 | \$179,849.18 |
| Oct. 2010 | \$2,270.37 | \$1,471.12 | \$799.25 | \$31,070.59 | \$178,378.03 |
| Nov. 2010 | \$2,270.37 | \$1,478.48 | \$791.89 | \$31,882.48 | \$176,899.50 |
| Dec. 2010 | \$2,270.37 | \$1,485.87 | \$784.50 | \$32,848.08 | \$175,413.88 |
| Jan. 2011 | \$2,270.37 | \$1,493.30 | \$777.07 | \$33,424.05 | \$173,920.38 |
| Feb. 2011 | \$2,270.37 | \$1,500.77 | \$769.60 | \$34,103.89 | \$172,419.82 |
| Mar. 2011 | \$2,270.37 | \$1,508.27 | \$762.10 | \$34,855.75 | \$170,911.34 |
| April 2011 | \$2,270.37 | \$1,515.81 | \$754.56 | \$35,710.30 | \$169,365.53 |
| May 2011 | \$2,270.37 | \$1,523.39 | \$746.98 | \$36,457.28 | \$167,872.14 |
| June 2011 | \$2,270.37 | \$1,531.01 | \$739.36 | \$37,106.84 | \$166,341.13 |
| July 2011 | \$2,270.37 | \$1,538.68 | \$731.71 | \$37,828.35 | \$164,802.47 |
| Aug. 2011 | \$2,270.37 | \$1,546.38 | \$724.01 | \$38,552.38 | \$163,258.11 |
| Sept. 2011 | \$2,270.37 | \$1,554.09 | \$716.28 | \$39,309.84 | \$161,702.02 |
| Oct. 2011 | \$2,270.37 | \$1,561.85 | \$708.51 | \$40,077.15 | \$160,140.19 |
| Nov. 2011 | \$2,270.37 | \$1,569.67 | \$700.70 | \$40,777.85 | \$158,570.49 |
| Dec. 2011 | \$2,270.37 | \$1,577.52 | \$692.85 | \$41,470.70 | \$156,992.88 |
| Jan. 2012 | \$2,270.37 | \$1,585.40 | \$684.98 | \$42,155.87 | \$155,407.67 |
| Feb. 2012 | \$2,270.37 | \$1,593.33 | \$677.04 | \$42,832.71 | \$153,814.24 |
| Mar. 2012 | \$2,270.37 | \$1,601.30 | \$669.07 | \$43,501.78 | \$152,212.94 |
| April 2012 | \$2,270.37 | \$1,609.30 | \$661.08 | \$44,182.84 | \$150,603.84 |
| May 2012 | \$2,270.37 | \$1,617.35 | \$653.02 | \$44,815.88 | \$148,998.29 |
| June 2012 | \$2,270.37 | \$1,625.44 | \$644.93 | \$45,480.79 | \$147,380.85 |
| July 2012 | \$2,270.37 | \$1,633.57 | \$636.80 | \$46,097.60 | \$145,727.20 |
| Aug. 2012 | \$2,270.37 | \$1,641.73 | \$628.64 | \$46,720.23 | \$144,085.55 |
| Sept. 2012 | \$2,270.37 | \$1,649.94 | \$620.43 | \$47,348.88 | \$142,435.81 |
| Oct. 2012 | \$2,270.37 | \$1,658.19 | \$612.18 | \$47,958.84 | \$140,777.42 |
| Nov. 2012 | \$2,270.37 | \$1,666.48 | \$603.89 | \$48,582.72 | \$139,110.94 |
| Dec. 2012 | \$2,270.37 | \$1,674.81 | \$595.55 | \$49,158.28 | \$137,438.12 |
| Jan. 2013 | \$2,270.37 | \$1,683.19 | \$587.18 | \$49,745.48 | \$135,752.93 |
| Feb. 2013 | \$2,270.37 | \$1,691.60 | \$578.78 | \$50,324.22 | \$134,051.33 |
| Mar. 2013 | \$2,270.37 | \$1,700.08 | \$570.31 | \$50,894.53 | \$132,381.27 |
| April 2013 | \$2,270.37 | \$1,708.56 | \$561.81 | \$51,450.34 | \$130,652.70 |
| May 2013 | \$2,270.37 | \$1,717.11 | \$553.28 | \$52,009.80 | \$128,935.60 |
| June 2013 | \$2,270.37 | \$1,725.69 | \$544.68 | \$52,554.28 | \$127,209.61 |
| July 2013 | \$2,270.37 | \$1,734.32 | \$536.05 | \$53,090.33 | \$125,475.59 |
| Aug. 2013 | \$2,270.37 | \$1,742.99 | \$527.38 | \$53,617.71 | \$123,732.80 |
| Sept. 2013 | \$2,270.37 | \$1,751.71 | \$518.68 | \$54,138.37 | \$121,980.88 |
| Oct. 2013 | \$2,270.37 | \$1,760.46 | \$509.90 | \$54,648.27 | \$120,220.43 |
| Nov. 2013 | \$2,270.37 | \$1,769.27 | \$501.10 | \$55,147.38 | \$118,451.18 |
| Dec. 2013 | \$2,270.37 | \$1,778.11 | \$492.28 | \$55,630.83 | \$116,679.04 |
| Jan. 2014 | \$2,270.37 | \$1,787.00 | \$483.37 | \$56,123.00 | \$114,888.04 |
| Feb. 2014 | \$2,270.37 | \$1,795.84 | \$474.43 | \$56,597.43 | \$113,090.10 |
| Mar. 2014 | \$2,270.37 | \$1,804.92 | \$465.45 | \$57,092.88 | \$111,285.18 |
| April 2014 | \$2,270.37 | \$1,813.94 | \$456.43 | \$57,510.30 | \$109,471.24 |
| May 2014 | \$2,270.37 | \$1,823.01 | \$447.39 | \$57,988.88 | \$107,649.23 |
| June 2014 | \$2,270.37 | \$1,832.13 | \$438.24 | \$58,404.50 | \$105,818.10 |
| July 2014 | \$2,270.37 | \$1,841.29 | \$429.08 | \$58,833.98 | \$103,974.81 |
| Aug. 2014 | \$2,270.37 | \$1,850.80 | \$419.87 | \$59,263.86 | \$102,124.31 |
| Sept. 2014 | \$2,270.37 | \$1,860.75 | \$410.62 | \$59,684.48 | \$100,284.57 |
| Oct. 2014 | \$2,270.37 | \$1,869.05 | \$401.32 | \$60,095.80 | \$98,395.52 |
| Nov. 2014 | \$2,270.37 | \$1,878.39 | \$391.89 | \$60,457.76 | \$96,517.13 |
| Dec. 2014 | \$2,270.37 | \$1,887.78 | \$382.50 | \$60,840.38 | \$94,629.34 |
| Jan. 2015 | \$2,270.37 | \$1,897.22 | \$373.16 | \$61,213.51 | \$92,732.12 |
| Feb. 2015 | \$2,270.37 | \$1,906.71 | \$363.88 | \$61,577.17 | \$90,825.41 |
| Mar. 2015 | \$2,270.37 | \$1,916.24 | \$354.13 | \$61,931.30 | \$88,909.17 |
| April 2015 | \$2,270.37 | \$1,925.82 | \$344.55 | \$62,275.84 | \$86,983.35 |
| May 2015 | \$2,270.37 | \$1,935.45 | \$334.92 | \$62,610.70 | \$85,047.90 |
| June 2015 | \$2,270.37 | \$1,945.13 | \$325.24 | \$62,930.00 | \$83,102.77 |
| July 2015 | \$2,270.37 | \$1,954.88 | \$315.51 | \$63,251.61 | \$81,147.91 |
| Aug. 2015 | \$2,270.37 | \$1,964.83 | \$305.74 | \$63,557.25 | \$79,183.28 |
| Sept. 2015 | \$2,270.37 | \$1,974.45 | \$295.92 | \$63,853.17 | \$77,208.83 |
| Oct. 2015 | \$2,270.37 | \$1,984.33 | \$286.04 | \$64,139.21 | \$75,224.60 |
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| | \$2,270.37 | \$1,994.25 | \$276.12 | \$84,415.34 | \$59,230.28 |
| Dec. 2021 | \$2,270.37 | \$2,004.22 | \$266.15 | \$84,881.49 | \$51,228.04 |
| Jan. 2022 | \$2,270.37 | \$2,014.24 | \$256.13 | \$84,937.82 | \$49,211.80 |
| Feb. 2022 | \$2,270.37 | \$2,024.31 | \$246.08 | \$85,183.88 | \$47,187.49 |
| Mar. 2022 | \$2,270.37 | \$2,034.43 | \$235.94 | \$85,419.81 | \$45,183.08 |
| April 2022 | \$2,270.37 | \$2,044.60 | \$225.77 | \$85,845.38 | \$43,108.45 |
| May 2022 | \$2,270.37 | \$2,054.83 | \$215.54 | \$85,880.02 | \$41,058.83 |
| June 2022 | \$2,270.37 | \$2,065.10 | \$205.27 | \$86,068.19 | \$38,688.52 |
| July 2022 | \$2,270.37 | \$2,075.43 | \$194.94 | \$86,281.13 | \$35,913.10 |
| Aug. 2022 | \$2,270.37 | \$2,085.80 | \$184.57 | \$86,445.70 | \$34,827.29 |
| Sep. 2022 | \$2,270.37 | \$2,096.23 | \$174.14 | \$86,819.83 | \$32,731.08 |
| Oct. 2022 | \$2,270.37 | \$2,106.71 | \$163.68 | \$86,783.49 | \$30,624.35 |
| Nov. 2022 | \$2,270.37 | \$2,117.25 | \$153.12 | \$86,836.81 | \$28,507.10 |
| Dec. 2022 | \$2,270.37 | \$2,127.83 | \$142.54 | \$87,079.16 | \$26,372.27 |
| Jan. 2023 | \$2,270.37 | \$2,138.47 | \$131.90 | \$87,211.04 | \$24,240.79 |
| Feb. 2023 | \$2,270.37 | \$2,149.17 | \$121.20 | \$87,332.25 | \$22,091.83 |
| Mar. 2023 | \$2,270.37 | \$2,159.91 | \$110.45 | \$87,442.71 | \$19,931.72 |
| April 2023 | \$2,270.37 | \$2,170.71 | \$99.68 | \$87,542.39 | \$17,761.01 |
| May 2023 | \$2,270.37 | \$2,181.58 | \$88.81 | \$87,631.17 | \$15,579.44 |
| June 2023 | \$2,270.37 | \$2,192.47 | \$77.80 | \$87,709.07 | \$13,388.97 |
| July 2023 | \$2,270.37 | \$2,203.43 | \$66.83 | \$87,778.00 | \$11,183.54 |
| Aug. 2023 | \$2,270.37 | \$2,214.45 | \$55.82 | \$87,831.02 | \$8,989.08 |
| Sep. 2023 | \$2,270.37 | \$2,225.52 | \$44.85 | \$87,878.78 | \$6,743.58 |
| Oct. 2023 | \$2,270.37 | \$2,236.65 | \$33.72 | \$87,910.48 | \$4,508.81 |
| Nov. 2023 | \$2,270.37 | \$2,247.83 | \$22.53 | \$87,933.02 | \$2,259.07 |
| Dec. 2023 | \$2,270.37 | \$2,259.07 | \$11.30 | \$87,944.31 | \$0.00 |

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C, Economic Feasibility--10
Financial Statements

Balance Sheet
As of 12/31/2012

Lifescan Tennessee LLC (LST)

Liabilities

2200

Intercompany A/P to Soteria

\$ 1,705,880.04

Total Liabilities:

\$ 1,705,880.04

Equity

3800

Retained Earnings

\$ -862,717.66

3800

Retained Earnings-Current Year

\$ -843,162.38

Total Equity:

\$ -1,705,880.04

Total Liabilities & Equity:

\$ -0.00

Income Statement
For Period 12 Ending 12/31/2012

Lifescan Tennessee LLC (LST)

| | | Period to Date | % of Revenue | Year to Date | % of Revenue |
|------------------------------|----------------------------------|---------------------|----------------|------------------------|----------------|
| Revenue | | | | | |
| 4071 | Molecular-Medicare | \$ 16,801.80 | 30.11% | \$ 359,632.30 | 31.65% |
| 4072 | Molecular-Medicaid | \$ -0.00 | -0.00% | \$ 8,798.24 | 0.77% |
| 4073 | Molecular-Commercial | \$ 23,134.79 | 41.46% | \$ 490,312.89 | 43.15% |
| 4074 | Molecular-BC/BS | \$ 12,174.48 | 21.82% | \$ 281,213.17 | 24.75% |
| 4075 | Molecular-Work Comp | \$ -0.00 | -0.00% | \$ 3,004.01 | 0.26% |
| 4076 | Molecular-Other | \$ 3,684.44 | 6.60% | \$ 35,083.03 | 3.09% |
| 4200 | Bad Debt - Patient Services | \$ -0.00 | -0.00% | \$ -41,741.72 | -3.67% |
| Total Revenue: | | \$ 55,795.51 | 100.00% | \$ 1,136,301.92 | 100.00% |
| Cost Of Sales | | | | | |
| 5100 | Radiological Fees | \$ 0.00 | 0.00% | \$ 102,732.50 | 9.04% |
| 5400 | Medical Supplies | \$ 0.00 | 0.00% | \$ 15.00 | 0.00% |
| 5500 | Contracted Services | \$ 0.00 | 0.00% | \$ 1,079.63 | 0.10% |
| 5800 | Medical Waste Disposal | \$ 0.00 | 0.00% | \$ 454.95 | 0.04% |
| 5900 | Other Direct Costs | \$ 40.58 | 0.07% | \$ 451.58 | 0.04% |
| Total Cost Of Sales: | | \$ 40.58 | 0.07% | \$ 104,733.66 | 9.22% |
| Gross Profit: | | \$ 55,754.93 | 99.93% | \$ 1,031,568.26 | 90.78% |
| Expenses | | | | | |
| Labor Expenses | | | | | |
| 6010 | Salaries & Wages - Regular | \$ 11,627.98 | 20.84% | \$ 189,086.28 | 16.64% |
| 6200 | Contracted Labor | \$ 0.00 | 0.00% | \$ -27,893.82 | -2.45% |
| 6350 | Other Employee Benefits | \$ 1,181.32 | 2.12% | \$ 14,364.80 | 1.26% |
| 6400 | Payroll Taxes | \$ 760.33 | 1.36% | \$ 15,333.30 | 1.35% |
| 6710 | Continuing Education | \$ 0.00 | 0.00% | \$ 50.00 | 0.00% |
| 6730 | Meals & Entertainment-Staff | \$ 0.00 | 0.00% | \$ 133.24 | 0.01% |
| Total Labor Expenses: | | \$ 13,569.63 | 24.32% | \$ 191,073.80 | 16.82% |
| Office Expense | | | | | |
| 7010 | Supplies | \$ 0.00 | 0.00% | \$ 2,751.65 | 0.24% |
| 7020 | Postage | \$ 0.00 | 0.00% | \$ 103.40 | 0.01% |
| 7030 | Shipping & Delivery | \$ 0.00 | 0.00% | \$ 44.89 | 0.00% |
| 7040 | Bank & Credit Card Fees | \$ 112.87 | 0.20% | \$ 1,708.43 | 0.15% |
| 7410 | Meals & Entertainment | \$ 0.00 | 0.00% | \$ 571.22 | 0.05% |
| 7420 | Travel Expense (Air, Hotel, Etc) | \$ 0.00 | 0.00% | \$ 3,741.95 | 0.33% |
| 7430 | Auto Expense | \$ 0.00 | 0.00% | \$ 1,617.99 | 0.14% |
| 7510 | Subscriptions | \$ 0.00 | 0.00% | \$ 33.94 | 0.00% |
| 7700 | Professional Fees | \$ 0.00 | 0.00% | \$ 5,748.35 | 0.51% |
| 7710 | Medical Director Fees | \$ 3,800.00 | 6.81% | \$ 37,266.64 | 3.28% |
| 7720 | Accounting / Audit Fees | \$ 0.00 | 0.00% | \$ 4,225.00 | 0.37% |
| 7730 | Legal Fees | \$ 0.00 | 0.00% | \$ 3,654.75 | 0.32% |
| 7930 | Management Fees | \$ 3,296.60 | 5.91% | \$ 76,695.32 | 6.75% |
| 7940 | Billing Fees | \$ 2,197.73 | 3.94% | \$ 51,130.22 | 4.50% |
| Total Office Expense: | | \$ 9,407.20 | 16.86% | \$ 189,293.75 | 16.66% |
| Operating Expenses | | | | | |
| 8010 | Occupancy Rent / Lease | \$ 2,850.00 | 5.11% | \$ 33,368.76 | 2.94% |
| 8020 | Common Area Maint. | \$ 425.00 | 0.76% | \$ 5,100.00 | 0.45% |
| 8030 | Utilities | \$ 102.64 | 0.18% | \$ 16,097.11 | 1.42% |
| 8060 | Office Expense | \$ 54.13 | 0.10% | \$ 4,873.12 | 0.43% |
| 8110 | Telephone, Local & LD | \$ 39.25 | 0.07% | \$ 5,082.21 | 0.45% |
| 8120 | Telephone, Cellular | \$ 16.14 | 0.03% | \$ 80.59 | 0.01% |
| 8220 | Computer Main/Support Fees | \$ 0.00 | 0.00% | \$ 1,280.00 | 0.11% |
| 8230 | Internet Service | \$ 0.00 | 0.00% | \$ 7,703.41 | 0.68% |
| 8310 | Service Contracts | \$ 372.67 | 0.67% | \$ 4,099.97 | 0.36% |
| 8320 | Repairs and Maintenance | \$ 0.00 | 0.00% | \$ 5,871.16 | 0.52% |
| 8411 | Insurance - General Business | \$ 126.62 | 0.23% | \$ 1,298.58 | 0.11% |
| 8412 | Insurance - Professional | \$ 967.18 | 1.73% | \$ 10,264.35 | 0.90% |
| 8415 | Insurance - Other | \$ 146.22 | 0.26% | \$ 1,564.44 | 0.14% |
| 8450 | Licenses | \$ 0.00 | 0.00% | \$ 5,328.25 | 0.47% |
| 8460 | Property Taxes | \$ -693.39 | -1.24% | \$ 1,286.61 | 0.11% |

Operating Expenses

(Continued)

| | | | | | | | |
|------|---------------------------------|----|-----------|---------|----|--------------|---------|
| 8462 | Other Taxes | \$ | 0.00 | 0.00% | \$ | 633.00 | 0.06% |
| 8500 | Equipment Lease Expense | \$ | 0.00 | 0.00% | \$ | 446.76 | 0.04% |
| 8530 | Lease Expense - Fixed Equipment | \$ | 99,167.00 | 177.73% | \$ | 1,190,004.00 | 104.73% |
| 8700 | Interest Expense | \$ | 0.00 | 0.00% | \$ | 142.80 | 0.01% |
| 8900 | Depreciation | \$ | 7,017.97 | 12.58% | \$ | 91,940.38 | 8.09% |

| | | | | | | |
|----------------------------------|----|------------|---------|----|--------------|---------|
| Total Operating Expenses: | \$ | 110,591.43 | 198.21% | \$ | 1,386,465.50 | 122.02% |
|----------------------------------|----|------------|---------|----|--------------|---------|

| | | | | | | |
|------------------------|----|------------|---------|----|--------------|---------|
| Total Expenses: | \$ | 133,568.26 | 239.39% | \$ | 1,766,833.05 | 155.49% |
|------------------------|----|------------|---------|----|--------------|---------|

| | | | | | | |
|------------------------------------|----|------------|----------|----|-------------|---------|
| Net Income From Operations: | \$ | -77,813.33 | -139.46% | \$ | -735,264.79 | -64.71% |
|------------------------------------|----|------------|----------|----|-------------|---------|

Other Income and Expense

| | | | | | | | |
|------|-----------------------------|----|-------------|----------|----|-------------|--------|
| 9300 | Gain/Loss on Sale of Assets | \$ | -262,138.29 | -469.82% | \$ | -107,897.59 | -9.50% |
|------|-----------------------------|----|-------------|----------|----|-------------|--------|

| | | | | | | |
|--|----|-------------|----------|----|-------------|--------|
| Total Other Income and Expense: | \$ | -262,138.29 | -469.82% | \$ | -107,897.59 | -9.50% |
|--|----|-------------|----------|----|-------------|--------|

| | | | | | | |
|------------------------------------|----|-------------|----------|----|-------------|---------|
| Earnings Before Income Tax: | \$ | -339,951.62 | -609.28% | \$ | -843,162.38 | -74.20% |
|------------------------------------|----|-------------|----------|----|-------------|---------|

| | | | | | | |
|---------------------------|----|-------------|----------|----|-------------|---------|
| Net Income (Loss): | \$ | -339,951.62 | -609.28% | \$ | -843,162.38 | -74.20% |
|---------------------------|----|-------------|----------|----|-------------|---------|

C, Orderly Development--7(C)
TDH Inspection & Plan of Correction



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919
Amended

October 26, 2009

Ms. Laura Norman, Administrator
Life Scan Tennessee, LLC
830 Suncrest Drive, Unit 2
Gray, TN 37615

RE: 42

Dear Ms. Norman:

The East Tennessee Regional Office conducted a licensure survey at your facility on October 20 and 23, 2009. As a result of the survey, no deficient practice was found.

If our office may be of assistance to you, please feel free to call (865) 588-5656.

Sincerely,

A handwritten signature in cursive script that reads "Faye Vance" followed by a stylized monogram or initials.

Faye Vance, R.N., B.S., M.S.N.
Public Health Nurse Consultant Manager

FV:cvb



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
KNOXVILLE ENVIRONMENTAL FIELD OFFICE
3711 MIDDLEBROOK PIKE
KNOXVILLE, TENNESSEE 37921-6538
PHONE (865) 594-6035 STATEWIDE 1-888-891-8332 FAX (865) 594-6105

February 12, 2013

LifeScan Tennessee, Inc.
d/b/a Molecular Imaging Alliance
830 Suncrest Drive, Suite 2
Gray, TN 37615

ATTENTION: Charmaine Hart, RSO

Dear Ms. Hart:

Thank you for the cooperation given me during the inspection on February 4, 2013 of the activities conducted under Radioactive Materials License Number R-90048. After reviewing the data collected, we are pleased to inform you that we note no items of non-compliance with the "State Regulations for Protection Against Radiation" in your program.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mariza L. Gonzalez".

Mariza L. Gonzalez
Health Physicist
Division of Radiological Health

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State & County QuickFacts

Washington County, Tennessee

| People QuickFacts | Washington County | Tennessee |
|---|----------------------|------------------------|
| Population, 2012 estimate | 125,094 | 6,456,243 |
| Population, 2010 (April 1) estimates base | 122,979 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2012 | 1.7% | 1.7% |
| Population, 2010 | 122,979 | 6,346,105 |
| Persons under 5 years, percent, 2011 | 5.4% | 6.3% |
| Persons under 18 years, percent, 2011 | 19.9% | 23.3% |
| Persons 65 years and over, percent, 2011 | 15.7% | 13.7% |
| Female persons, percent, 2011 | 51.1% | 51.3% |
| White persons, percent, 2011 (a) | 92.6% | 79.5% |
| Black persons, percent, 2011 (a) | 4.2% | 16.9% |
| American Indian and Alaska Native persons, percent, 2011 (a) | 0.4% | 0.4% |
| Asian persons, percent, 2011 (a) | 1.2% | 1.5% |
| Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a) | Z | 0.1% |
| Persons reporting two or more races, percent, 2011 | 1.5% | 1.6% |
| Persons of Hispanic or Latino Origin, percent, 2011 (b) | 3.0% | 4.7% |
| White persons not Hispanic, percent, 2011 | 90.0% | 75.4% |
| Living in same house 1 year & over, percent, 2007-2011 | 82.9% | 84.1% |
| Foreign born persons, percent, 2007-2011 | 3.4% | 4.5% |
| Language other than English spoken at home, percent age 5+, 2007-2011 | 4.6% | 6.4% |
| High school graduate or higher, percent of persons age 25+, 2007-2011 | 85.1% | 83.2% |
| Bachelor's degree or higher, percent of persons age 25+, 2007-2011 | 28.2% | 23.0% |
| Veterans, 2007-2011 | 11,873 | 501,665 |
| Mean travel time to work (minutes), workers age 16+, 2007-2011 | 19.9 | 24.0 |
| Housing units, 2011 | 57,962 | 2,829,025 |
| Homeownership rate, 2007-2011 | 66.4% | 69.0% |
| Housing units in multi-unit structures, percent, 2007-2011 | 21.8% | 18.1% |
| Median value of owner-occupied housing units, 2007-2011 | \$142,900 | \$137,200 |
| Households, 2007-2011 | 50,523 | 2,457,997 |
| Persons per household, 2007-2011 | 2.32 | 2.50 |
| Per capita money income in the past 12 months (2011 dollars), 2007-2011 | \$24,742 | \$24,197 |
| Median household income, 2007-2011 | \$42,104 | \$43,989 |
| Persons below poverty level, percent, 2007-2011 | 17.3% | 16.9% |
| Business QuickFacts | Washington County | Tennessee |
| Private nonfarm establishments, 2010 | 2,848 | 131,582 ¹ |
| Private nonfarm employment, 2010 | 49,249 | 2,264,032 ¹ |
| Private nonfarm employment, percent change, 2000-2010 | -4.6 | -5.3 ¹ |
| Nonemployer establishments, 2010 | 7,645 | 465,545 |
| Total number of firms, 2007 | 10,153 | 545,348 |
| Black-owned firms, percent, 2007 | 2.0% | 8.4% |
| American Indian- and Alaska Native-owned firms, percent, 2007 | F | 0.5% |
| Asian-owned firms, percent, 2007 | S | 2.0% |

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State & County QuickFacts

Carter County, Tennessee

| People QuickFacts | Carter County | Tennessee |
|---|------------------|------------------------|
| Population, 2012 estimate | 57,355 | 6,456,243 |
| Population, 2010 (April 1) estimates base | 57,424 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2012 | -0.1% | 1.7% |
| Population, 2010 | 57,424 | 6,346,105 |
| Persons under 5 years, percent, 2011 | 5.2% | 6.3% |
| Persons under 18 years, percent, 2011 | 19.9% | 23.3% |
| Persons 65 years and over, percent, 2011 | 17.4% | 13.7% |
| Female persons, percent, 2011 | 51.1% | 51.3% |
| White persons, percent, 2011 (a) | 96.7% | 79.5% |
| Black persons, percent, 2011 (a) | 1.6% | 16.9% |
| American Indian and Alaska Native persons, percent, 2011 (a) | 0.2% | 0.4% |
| Asian persons, percent, 2011 (a) | 0.3% | 1.5% |
| Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a) | Z | 0.1% |
| Persons reporting two or more races, percent, 2011 | 1.2% | 1.6% |
| Persons of Hispanic or Latino Origin, percent, 2011 (b) | 1.6% | 4.7% |
| White persons not Hispanic, percent, 2011 | 95.2% | 75.4% |
| Living in same house 1 year & over, percent, 2007-2011 | 86.3% | 84.1% |
| Foreign born persons, percent, 2007-2011 | 0.9% | 4.5% |
| Language other than English spoken at home, percent age 5+, 2007-2011 | 1.8% | 6.4% |
| High school graduate or higher, percent of persons age 25+, 2007-2011 | 78.6% | 83.2% |
| Bachelor's degree or higher, percent of persons age 25+, 2007-2011 | 15.7% | 23.0% |
| Veterans, 2007-2011 | 5,470 | 501,665 |
| Mean travel time to work (minutes), workers age 16+, 2007-2011 | 22.0 | 24.0 |
| Housing units, 2011 | 27,821 | 2,829,025 |
| Homeownership rate, 2007-2011 | 72.9% | 69.0% |
| Housing units in multi-unit structures, percent, 2007-2011 | 12.4% | 18.1% |
| Median value of owner-occupied housing units, 2007-2011 | \$96,900 | \$137,200 |
| Households, 2007-2011 | 24,190 | 2,457,997 |
| Persons per household, 2007-2011 | 2.31 | 2.50 |
| Per capita money income in the past 12 months (2011 dollars), 2007-2011 | \$18,269 | \$24,197 |
| Median household income, 2007-2011 | \$32,148 | \$43,989 |
| Persons below poverty level, percent, 2007-2011 | 22.0% | 16.9% |
| Business QuickFacts | Carter County | Tennessee |
| Private nonfarm establishments, 2010 | 731 | 131,582 ¹ |
| Private nonfarm employment, 2010 | 9,036 | 2,264,032 ¹ |
| Private nonfarm employment, percent change, 2000-2010 | -9.6 | -5.3 ¹ |
| Nonemployer establishments, 2010 | 3,362 | 465,545 |
| Total number of firms, 2007 | 3,938 | 545,348 |
| Black-owned firms, percent, 2007 | S | 8.4% |
| American Indian- and Alaska Native-owned firms, percent, 2007 | F | 0.5% |
| Asian-owned firms, percent, 2007 | S | 2.0% |

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State & County QuickFacts

Unicoi County, Tennessee

| People QuickFacts | Unicoi County | Tennessee |
|---|------------------|------------------------|
| Population, 2012 estimate | 18,235 | 6,456,243 |
| Population, 2010 (April 1) estimates base | 18,313 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2012 | -0.4% | 1.7% |
| Population, 2010 | 18,313 | 6,346,105 |
| Persons under 5 years, percent, 2011 | 4.8% | 6.3% |
| Persons under 18 years, percent, 2011 | 20.0% | 23.3% |
| Persons 65 years and over, percent, 2011 | 19.9% | 13.7% |
| Female persons, percent, 2011 | 51.1% | 51.3% |
| White persons, percent, 2011 (a) | 98.1% | 79.5% |
| Black persons, percent, 2011 (a) | 0.4% | 16.9% |
| American Indian and Alaska Native persons, percent, 2011 (a) | 0.4% | 0.4% |
| Asian persons, percent, 2011 (a) | 0.2% | 1.5% |
| Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a) | Z | 0.1% |
| Persons reporting two or more races, percent, 2011 | 1.0% | 1.6% |
| Persons of Hispanic or Latino Origin, percent, 2011 (b) | 4.1% | 4.7% |
| White persons not Hispanic, percent, 2011 | 94.2% | 75.4% |
| Living in same house 1 year & over, percent, 2007-2011 | 88.0% | 84.1% |
| Foreign born persons, percent, 2007-2011 | 3.0% | 4.5% |
| Language other than English spoken at home, percent age 5+, 2007-2011 | 5.2% | 6.4% |
| High school graduate or higher, percent of persons age 25+, 2007-2011 | 75.3% | 83.2% |
| Bachelor's degree or higher, percent of persons age 25+, 2007-2011 | 11.7% | 23.0% |
| Veterans, 2007-2011 | 1,736 | 501,665 |
| Mean travel time to work (minutes), workers age 16+, 2007-2011 | 24.7 | 24.0 |
| Housing units, 2011 | 8,857 | 2,829,025 |
| Homeownership rate, 2007-2011 | 72.9% | 69.0% |
| Housing units in multi-unit structures, percent, 2007-2011 | 6.6% | 18.1% |
| Median value of owner-occupied housing units, 2007-2011 | \$115,200 | \$137,200 |
| Households, 2007-2011 | 7,437 | 2,457,997 |
| Persons per household, 2007-2011 | 2.39 | 2.50 |
| Per capita money income in the past 12 months (2011 dollars), 2007-2011 | \$20,753 | \$24,197 |
| Median household income, 2007-2011 | \$35,265 | \$43,989 |
| Persons below poverty level, percent, 2007-2011 | 20.7% | 16.9% |
| Business QuickFacts | Unicoi County | Tennessee |
| Private nonfarm establishments, 2010 | 256 | 131,582 ¹ |
| Private nonfarm employment, 2010 | 4,062 | 2,264,032 ¹ |
| Private nonfarm employment, percent change, 2000-2010 | 8.8 | -5.3 ¹ |
| Nonemployer establishments, 2010 | 799 | 465,545 |
| Total number of firms, 2007 | 1,233 | 545,348 |
| Black-owned firms, percent, 2007 | F | 8.4% |
| American Indian- and Alaska Native-owned firms, percent, 2007 | F | 0.5% |
| Asian-owned firms, percent, 2007 | S | 2.0% |

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State & County QuickFacts

Greene County, Tennessee

| People QuickFacts | Greene County | Tennessee |
|---|------------------|------------------------|
| Population, 2012 estimate | 68,819 | 6,456,243 |
| Population, 2010 (April 1) estimates base | 68,831 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2012 | Z | 1.7% |
| Population, 2010 | 68,831 | 6,346,105 |
| Persons under 5 years, percent, 2011 | 5.3% | 6.3% |
| Persons under 18 years, percent, 2011 | 21.0% | 23.3% |
| Persons 65 years and over, percent, 2011 | 18.0% | 13.7% |
| Female persons, percent, 2011 | 51.0% | 51.3% |
| White persons, percent, 2011 (a) | 96.0% | 79.5% |
| Black persons, percent, 2011 (a) | 2.2% | 16.9% |
| American Indian and Alaska Native persons, percent, 2011 (a) | 0.3% | 0.4% |
| Asian persons, percent, 2011 (a) | 0.4% | 1.5% |
| Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a) | 0.1% | 0.1% |
| Persons reporting two or more races, percent, 2011 | 1.0% | 1.6% |
| Persons of Hispanic or Latino Origin, percent, 2011 (b) | 2.6% | 4.7% |
| White persons not Hispanic, percent, 2011 | 93.6% | 75.4% |
| Living in same house 1 year & over, percent, 2007-2011 | 86.9% | 84.1% |
| Foreign born persons, percent, 2007-2011 | 2.1% | 4.5% |
| Language other than English spoken at home, percent age 5+, 2007-2011 | 3.9% | 6.4% |
| High school graduate or higher, percent of persons age 25+, 2007-2011 | 79.2% | 83.2% |
| Bachelor's degree or higher, percent of persons age 25+, 2007-2011 | 14.8% | 23.0% |
| Veterans, 2007-2011 | 6,114 | 501,665 |
| Mean travel time to work (minutes), workers age 16+, 2007-2011 | 23.0 | 24.0 |
| Housing units, 2011 | 32,202 | 2,829,025 |
| Homeownership rate, 2007-2011 | 74.2% | 69.0% |
| Housing units in multi-unit structures, percent, 2007-2011 | 7.5% | 18.1% |
| Median value of owner-occupied housing units, 2007-2011 | \$108,000 | \$137,200 |
| Households, 2007-2011 | 28,431 | 2,457,997 |
| Persons per household, 2007-2011 | 2.35 | 2.50 |
| Per capita money income in the past 12 months (2011 dollars), 2007-2011 | \$19,036 | \$24,197 |
| Median household income, 2007-2011 | \$36,310 | \$43,989 |
| Persons below poverty level, percent, 2007-2011 | 21.6% | 16.9% |
| Business QuickFacts | Greene County | Tennessee |
| Private nonfarm establishments, 2010 | 1,124 | 131,582 ¹ |
| Private nonfarm employment, 2010 | 20,677 | 2,264,032 ¹ |
| Private nonfarm employment, percent change, 2000-2010 | -10.2 | -5.3 ¹ |
| Nonemployer establishments, 2010 | 4,227 | 465,545 |
| Total number of firms, 2007 | 5,936 | 545,348 |
| Black-owned firms, percent, 2007 | S | 8.4% |
| American Indian- and Alaska Native-owned firms, percent, 2007 | F | 0.5% |
| Asian-owned firms, percent, 2007 | 0.7% | 2.0% |

U.S. Department of Commerce

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State & County QuickFacts

Sullivan County, Tennessee

| People QuickFacts | Sullivan County | Tennessee |
|---|--------------------|------------------------|
| Population, 2012 estimate | 156,786 | 6,456,243 |
| Population, 2010 (April 1) estimates base | 156,823 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2012 | Z | 1.7% |
| Population, 2010 | 156,823 | 6,346,105 |
| Persons under 5 years, percent, 2011 | 5.1% | 6.3% |
| Persons under 18 years, percent, 2011 | 20.3% | 23.3% |
| Persons 65 years and over, percent, 2011 | 19.0% | 13.7% |
| Female persons, percent, 2011 | 51.6% | 51.3% |
| White persons, percent, 2011 (a) | 95.4% | 79.5% |
| Black persons, percent, 2011 (a) | 2.4% | 16.9% |
| American Indian and Alaska Native persons, percent, 2011 (a) | 0.3% | 0.4% |
| Asian persons, percent, 2011 (a) | 0.6% | 1.5% |
| Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a) | Z | 0.1% |
| Persons reporting two or more races, percent, 2011 | 1.2% | 1.6% |
| Persons of Hispanic or Latino Origin, percent, 2011 (b) | 1.6% | 4.7% |
| White persons not Hispanic, percent, 2011 | 94.1% | 75.4% |
| Living in same house 1 year & over, percent, 2007-2011 | 85.8% | 84.1% |
| Foreign born persons, percent, 2007-2011 | 1.6% | 4.5% |
| Language other than English spoken at home, percent age 5+, 2007-2011 | 2.6% | 6.4% |
| High school graduate or higher, percent of persons age 25+, 2007-2011 | 82.7% | 83.2% |
| Bachelor's degree or higher, percent of persons age 25+, 2007-2011 | 20.4% | 23.0% |
| Veterans, 2007-2011 | 15,315 | 501,665 |
| Mean travel time to work (minutes), workers age 16+, 2007-2011 | 20.9 | 24.0 |
| Housing units, 2011 | 73,868 | 2,829,025 |
| Homeownership rate, 2007-2011 | 74.8% | 69.0% |
| Housing units in multi-unit structures, percent, 2007-2011 | 13.5% | 18.1% |
| Median value of owner-occupied housing units, 2007-2011 | \$115,700 | \$137,200 |
| Households, 2007-2011 | 66,554 | 2,457,997 |
| Persons per household, 2007-2011 | 2.31 | 2.50 |
| Per capita money income in the past 12 months (2011 dollars), 2007-2011 | \$23,536 | \$24,197 |
| Median household income, 2007-2011 | \$40,572 | \$43,989 |
| Persons below poverty level, percent, 2007-2011 | 16.5% | 16.9% |
| Business QuickFacts | Sullivan County | Tennessee |
| Private nonfarm establishments, 2010 | 3,360 | 131,582 ¹ |
| Private nonfarm employment, 2010 | 63,307 | 2,264,032 ¹ |
| Private nonfarm employment, percent change, 2000-2010 | -1.7 | -5.3 ¹ |
| Nonemployer establishments, 2010 | 9,682 | 465,545 |
| Total number of firms, 2007 | 12,859 | 545,348 |
| Black-owned firms, percent, 2007 | S | 8.4% |
| American Indian- and Alaska Native-owned firms, percent, 2007 | 0.3% | 0.5% |
| Asian-owned firms, percent, 2007 | S | 2.0% |

| | | |
|---|-----------|-------------|
| Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007 | F | 0.1% |
| Hispanic-owned firms, percent, 2007 | 0.8% | 1.6% |
| Women-owned firms, percent, 2007 | 23.0% | 25.9% |
| <hr/> | | |
| Manufacturers shipments, 2007 (\$1000) | 5,463,624 | 140,447,760 |
| Merchant wholesaler sales, 2007 (\$1000) | 1,055,317 | 80,116,528 |
| Retail sales, 2007 (\$1000) | 2,026,276 | 77,547,291 |
| Retail sales per capita, 2007 | \$13,200 | \$12,563 |
| Accommodation and food services sales, 2007 (\$1000) | 255,074 | 10,626,759 |
| Building permits, 2011 | 194 | 14,977 |

| Geography QuickFacts | Sullivan County | Tennessee |
|---|---|-----------|
| Land area in square miles, 2010 | 413.36 | 41,234.90 |
| Persons per square mile, 2010 | 379.4 | 153.9 |
| FIPS Code | 163 | 47 |
| Metropolitan or Micropolitan Statistical Area | Kingsport-Bristol-Bristol, TN-VA Metro Area | |

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report
Last Revised: Monday, 11-Mar-2013 14:19:40 EDT

* This report is a count of people taken in the middle of the month for which the report was run.

* This report is run three months after the month of the report in an effort to reduce fluctuations in the results.

| COUNTY | Female | | | Male | | | Grand Total | | | |
|------------|--------|-------|--------|-------|--------|--------|-------------|--------|-------|--------|
| | 0-18 | 19-20 | 21-64 | 0-18 | 19-20 | 21-64 | | | | |
| ANDERSON | 3,745 | 299 | 3,290 | 619 | 7,954 | 3,903 | 202 | 1,602 | 281 | 5,988 |
| BEDFORD | 3,306 | 224 | 2,189 | 256 | 5,976 | 3,396 | 131 | 967 | 106 | 4,600 |
| BENTON | 895 | 78 | 764 | 155 | 1,892 | 975 | 43 | 447 | 66 | 1,531 |
| BLED SOE | 740 | 62 | 625 | 123 | 1,549 | 838 | 53 | 361 | 51 | 1,304 |
| BLOUNT | 5,189 | 426 | 4,452 | 700 | 10,767 | 5,216 | 289 | 2,018 | 297 | 7,820 |
| BRALEY | 4,916 | 423 | 4,383 | 642 | 10,385 | 5,318 | 276 | 1,967 | 281 | 7,843 |
| CAMPBELL | 2,694 | 247 | 3,063 | 665 | 6,669 | 2,818 | 207 | 1,742 | 393 | 5,160 |
| CANNON | 679 | 62 | 613 | 131 | 1,484 | 781 | 44 | 304 | 59 | 1,188 |
| CARROLL | 1,676 | 140 | 1,602 | 335 | 3,753 | 1,884 | 101 | 835 | 150 | 2,969 |
| CARTER | 2,919 | 240 | 2,575 | 716 | 6,450 | 3,141 | 153 | 1,339 | 270 | 4,903 |
| CHEATHAM | 1,751 | 130 | 1,406 | 178 | 3,465 | 1,862 | 121 | 627 | 84 | 2,693 |
| CHESTER | 946 | 87 | 805 | 153 | 1,991 | 938 | 55 | 325 | 69 | 1,387 |
| CLAIBORNE | 1,840 | 167 | 1,853 | 556 | 4,416 | 1,917 | 101 | 1,183 | 253 | 3,455 |
| CLAY | 520 | 33 | 430 | 105 | 1,088 | 491 | 28 | 268 | 77 | 864 |
| COCKE | 2,547 | 217 | 2,356 | 460 | 5,580 | 2,614 | 164 | 1,339 | 234 | 4,350 |
| COFFEE | 3,119 | 241 | 2,650 | 391 | 6,401 | 3,202 | 161 | 1,145 | 165 | 4,673 |
| CROCKETT | 984 | 70 | 726 | 216 | 1,997 | 961 | 57 | 350 | 79 | 1,447 |
| CUMBERLAND | 2,847 | 236 | 2,309 | 508 | 5,900 | 2,982 | 177 | 1,148 | 225 | 4,531 |
| DAVIDSON | 36,428 | 2,549 | 27,360 | 3,259 | 69,596 | 37,526 | 1,763 | 10,212 | 1,483 | 50,983 |
| DECATUR | 580 | 54 | 542 | 293 | 1,379 | 661 | 44 | 305 | 74 | 1,084 |
| DEKALB | 1,161 | 78 | 980 | 196 | 2,416 | 1,258 | 67 | 528 | 90 | 1,942 |
| DICKSON | 2,545 | 155 | 2,157 | 325 | 5,182 | 2,611 | 134 | 901 | 102 | 3,747 |
| DYER | 2,537 | 228 | 2,278 | 431 | 5,474 | 2,654 | 151 | 967 | 146 | 3,918 |
| FAYETTE | 1,564 | 133 | 1,186 | 295 | 3,178 | 1,729 | 87 | 532 | 118 | 2,466 |
| FENTRESS | 1,267 | 108 | 1,255 | 382 | 3,012 | 1,368 | 83 | 795 | 182 | 2,428 |
| FRANKLIN | 1,732 | 150 | 1,510 | 271 | 3,662 | 1,810 | 92 | 703 | 111 | 2,716 |
| GIBSON | 2,928 | 249 | 2,598 | 648 | 6,424 | 3,051 | 210 | 1,125 | 264 | 4,651 |
| GILES | 1,439 | 133 | 1,245 | 270 | 3,087 | 1,442 | 94 | 634 | 107 | 2,277 |
| GRAINGER | 1,325 | 105 | 1,109 | 295 | 2,834 | 1,319 | 66 | 674 | 153 | 2,211 |
| GREENE | 3,246 | 253 | 3,085 | 730 | 7,313 | 3,361 | 174 | 1,662 | 366 | 5,564 |
| GRUNDY | 1,072 | 99 | 1,080 | 225 | 2,475 | 1,153 | 83 | 598 | 142 | 1,976 |
| HAMBLETON | 3,937 | 255 | 2,748 | 574 | 7,514 | 4,003 | 148 | 1,230 | 241 | 5,623 |
| HAMILTON | 15,494 | 1,190 | 13,724 | 2,269 | 32,678 | 16,234 | 800 | 5,335 | 843 | 23,212 |
| HANCOCK | 491 | 50 | 526 | 170 | 1,238 | 562 | 40 | 311 | 79 | 993 |
| HARDEMAN | 1,656 | 134 | 1,521 | 350 | 3,662 | 1,618 | 96 | 720 | 160 | 2,595 |
| HARDIN | 1,609 | 144 | 1,438 | 393 | 3,585 | 1,642 | 103 | 775 | 197 | 2,717 |
| HAWKINS | 3,077 | 291 | 2,851 | 560 | 6,779 | 3,254 | 165 | 1,445 | 259 | 5,124 |

| | | | | | | | | | | | |
|-------------|---------|--------|---------|--------|---------|---------|--------|---------|--------|---------|-----------|
| HAYWOOD | 1,412 | 121 | 1,328 | 300 | 3,161 | 1,496 | 92 | 417 | 116 | 2,122 | 5,283 |
| HENDERSON | 1,650 | 138 | 1,457 | 268 | 3,514 | 1,660 | 91 | 641 | 96 | 2,488 | 6,002 |
| HENRY | 1,920 | 166 | 1,612 | 283 | 3,981 | 1,989 | 126 | 745 | 121 | 2,981 | 6,963 |
| HICKMAN | 1,439 | 134 | 1,273 | 178 | 3,024 | 1,540 | 109 | 686 | 83 | 2,418 | 5,442 |
| HOUSTON | 429 | 43 | 389 | 118 | 978 | 480 | 27 | 206 | 75 | 789 | 1,768 |
| HUMPHREYS | 958 | 87 | 834 | 153 | 2,033 | 962 | 43 | 393 | 65 | 1,464 | 3,497 |
| JACKSON | 638 | 41 | 612 | 152 | 1,443 | 667 | 28 | 357 | 94 | 1,145 | 2,588 |
| JEFFERSON | 2,779 | 224 | 2,193 | 515 | 5,711 | 2,873 | 130 | 1,086 | 194 | 4,283 | 9,994 |
| JOHNSON | 960 | 84 | 883 | 289 | 2,215 | 953 | 67 | 566 | 159 | 1,745 | 3,960 |
| KNOX | 17,346 | 1,301 | 15,655 | 2,407 | 35,709 | 18,103 | 859 | 6,556 | 986 | 26,504 | 63,213 |
| LAKE | 431 | 42 | 518 | 152 | 1,143 | 513 | 30 | 214 | 71 | 828 | 1,971 |
| LAUDERDALE | 1,937 | 157 | 1,804 | 318 | 4,217 | 2,035 | 126 | 713 | 124 | 2,999 | 7,216 |
| LAWRENCE | 2,322 | 199 | 1,962 | 412 | 4,895 | 2,487 | 149 | 928 | 173 | 3,737 | 8,632 |
| LEWIS | 719 | 59 | 600 | 129 | 1,508 | 767 | 44 | 278 | 60 | 1,149 | 2,657 |
| LINCOLN | 1,784 | 145 | 1,439 | 323 | 3,691 | 1,859 | 108 | 685 | 122 | 2,774 | 6,465 |
| LOUDON | 2,115 | 132 | 1,502 | 310 | 4,059 | 2,088 | 97 | 684 | 119 | 2,988 | 7,047 |
| MACON | 1,595 | 150 | 1,285 | 259 | 3,289 | 1,710 | 88 | 672 | 106 | 2,576 | 5,865 |
| MADISON | 5,984 | 490 | 5,403 | 831 | 12,707 | 5,951 | 326 | 1,795 | 331 | 8,403 | 21,111 |
| MARION | 1,660 | 168 | 1,581 | 265 | 3,673 | 1,655 | 100 | 668 | 148 | 2,571 | 6,243 |
| MARSHALL | 1,620 | 128 | 1,307 | 175 | 3,230 | 1,680 | 74 | 542 | 70 | 2,366 | 5,596 |
| MAURY | 4,197 | 308 | 3,457 | 551 | 8,514 | 4,491 | 246 | 1,307 | 187 | 6,231 | 14,745 |
| MCMINN | 2,742 | 225 | 2,459 | 521 | 5,946 | 2,959 | 159 | 1,129 | 221 | 4,467 | 10,413 |
| MCMINRY | 1,695 | 176 | 1,648 | 406 | 3,925 | 1,781 | 133 | 904 | 207 | 3,026 | 6,950 |
| MEIGS | 739 | 58 | 621 | 89 | 1,507 | 695 | 55 | 306 | 49 | 1,106 | 2,612 |
| MONROE | 2,513 | 229 | 2,236 | 508 | 5,487 | 2,784 | 142 | 1,178 | 257 | 4,360 | 9,847 |
| MONTGOMERY | 6,897 | 566 | 5,694 | 662 | 13,819 | 7,127 | 296 | 1,843 | 219 | 9,485 | 23,303 |
| MOORE | 222 | 25 | 165 | 53 | 465 | 268 | 9 | 100 | 16 | 393 | 858 |
| MORGAN | 1,137 | 80 | 909 | 187 | 2,314 | 1,183 | 68 | 533 | 103 | 1,887 | 4,201 |
| OBION | 1,762 | 140 | 1,584 | 313 | 3,799 | 1,867 | 86 | 602 | 103 | 2,658 | 6,456 |
| OVERTON | 1,127 | 76 | 948 | 277 | 2,428 | 1,228 | 57 | 543 | 145 | 1,973 | 4,402 |
| PERRY | 518 | 41 | 397 | 87 | 1,042 | 534 | 29 | 213 | 44 | 821 | 1,863 |
| PICKETT | 224 | 21 | 176 | 94 | 514 | 267 | 7 | 127 | 49 | 450 | 964 |
| POLK | 900 | 52 | 843 | 158 | 1,952 | 956 | 56 | 455 | 80 | 1,547 | 3,499 |
| PUTNAM | 3,713 | 364 | 3,262 | 786 | 8,125 | 3,945 | 233 | 1,724 | 305 | 6,208 | 14,333 |
| RHEA | 2,258 | 172 | 1,824 | 337 | 4,590 | 2,271 | 113 | 886 | 136 | 3,406 | 7,996 |
| ROANE | 2,339 | 212 | 2,336 | 570 | 5,457 | 2,682 | 128 | 1,303 | 228 | 4,341 | 9,798 |
| ROBERTSON | 3,475 | 210 | 2,319 | 377 | 6,381 | 3,604 | 119 | 937 | 157 | 4,817 | 11,197 |
| RUTHERFORD | 11,202 | 948 | 7,979 | 970 | 21,100 | 11,630 | 536 | 2,855 | 363 | 15,385 | 36,484 |
| SCOTT | 1,804 | 149 | 1,694 | 407 | 4,053 | 1,844 | 119 | 966 | 194 | 3,124 | 7,178 |
| SEQUATCHIE | 896 | 67 | 766 | 143 | 1,872 | 940 | 49 | 420 | 60 | 1,470 | 3,342 |
| SEVIER | 4,696 | 334 | 3,111 | 453 | 8,595 | 5,025 | 189 | 1,233 | 169 | 6,616 | 15,211 |
| SHELBY | 68,882 | 6,165 | 55,546 | 6,808 | 137,201 | 70,508 | 4,342 | 16,019 | 2,416 | 93,285 | 230,486 |
| SMITH | 994 | 82 | 863 | 180 | 2,119 | 1,018 | 62 | 402 | 62 | 1,545 | 3,664 |
| STEWART | 658 | 58 | 627 | 122 | 1,464 | 699 | 28 | 289 | 59 | 1,074 | 2,539 |
| SULLIVAN | 7,025 | 615 | 6,740 | 1,341 | 15,721 | 7,324 | 419 | 3,377 | 610 | 11,730 | 27,451 |
| SUMNER | 6,684 | 560 | 5,352 | 825 | 13,421 | 7,092 | 378 | 2,039 | 303 | 9,811 | 23,232 |
| TIPTON | 3,459 | 337 | 2,607 | 366 | 6,769 | 3,602 | 211 | 944 | 150 | 4,907 | 11,675 |
| TROUSDALE | 473 | 33 | 365 | 83 | 954 | 460 | 30 | 188 | 36 | 714 | 1,668 |
| UNICOI | 885 | 64 | 817 | 272 | 2,038 | 989 | 51 | 380 | 131 | 1,551 | 3,590 |
| UNION | 1,299 | 110 | 925 | 163 | 2,497 | 1,292 | 61 | 527 | 88 | 1,968 | 4,466 |
| VAN BUREN | 306 | 25 | 255 | 64 | 651 | 325 | 15 | 149 | 46 | 535 | 1,185 |
| WARREN | 2,506 | 179 | 2,127 | 449 | 5,262 | 2,645 | 127 | 1,038 | 179 | 4,010 | 9,272 |
| WASHINGTON | 4,816 | 428 | 4,819 | 992 | 11,054 | 5,078 | 285 | 2,200 | 385 | 7,948 | 19,002 |
| WAYNE | 770 | 62 | 635 | 176 | 1,644 | 824 | 35 | 346 | 79 | 1,284 | 2,928 |
| WEAKEY | 1,674 | 211 | 1,502 | 311 | 3,698 | 1,718 | 122 | 715 | 118 | 2,673 | 6,371 |
| WHITE | 1,507 | 126 | 1,288 | 343 | 3,264 | 1,638 | 99 | 740 | 127 | 2,605 | 5,868 |
| WILLIAMSON | 2,572 | 169 | 1,722 | 346 | 4,810 | 2,751 | 130 | 722 | 115 | 3,718 | 8,527 |
| WILSON | 4,112 | 303 | 3,303 | 497 | 8,215 | 4,310 | 190 | 1,368 | 187 | 6,056 | 14,270 |
| Grand Total | 338,779 | 27,727 | 282,848 | 47,679 | 697,033 | 352,317 | 18,890 | 117,286 | 19,954 | 508,447 | 1,205,480 |

SUPPORT LETTERS

2013 APR 15 PM 3 05
AFFIDAVIT

MOLECULAR IMAGING
ALLIANCE

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he/she is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

John Wellborn
SIGNATURE/TITLE

Sworn to and subscribed before me this 15 day of Apr., 2013 a Notary
(Month) (Year)

Public in and for the County/State of TN.

Chh
NOTARY PUBLIC

My commission expires 6-21, 2016.
(Month/Day) (Year)





State of Tennessee

Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

May 1, 2013

John L. Wellborn, Consultant
Development Support Group
4219 Hillsboro Road, Suite 203
Nashville TN 37215

RE: Certificate of Need Application -- Molecular Imaging Alliance - CN1304-014

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need for the relocation of an outpatient diagnostic center (ODC) with cardiac PET scanning from 830 Suncrest Drive, Suite 1, Gray (Washington County), TN to 701 N. State of Franklin Road, Suite 1, Johnson City (Washington County), TN. The proposed service area is Carter, Greene, Sullivan, Unicoi and Washington counties. The estimated project cost is \$495,339.00.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on May 1, 2013. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on July 24, 2013.

John L. Wellborn, Consultant
May 1, 2013
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill
Executive Director

MMH:MAB

cc: Dan Henderson, Director, Division of Health Statistics



State of Tennessee


Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

MEMORANDUM

TO: Dan Henderson, Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Cordell Hull Building, 6th Floor
425 Fifth Avenue North
Nashville, Tennessee 37247

FROM: 
Melanie M. Hill
Executive Director

DATE: May 1, 2013

RE: Certificate of Need Application
Molecular Imaging Alliance - CN1304-014

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on May 1, 2013 and end on July 1, 2013.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:MAB

Enclosure

cc: John L. Wellborn, Consultant

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the John City Press, which is a newspaper of general circulation in Washington County, Tennessee, on or before Wednesday April 10, 2013, for one day.

2013 APR 8 PM 4:11

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Molecular Imaging Alliance (an Outpatient Diagnostic Center with cardiac PET scanning), owned and managed by LifeScan Tennessee, LLC (a limited liability company), intends to file an application for a Certificate of Need to change its location within Washington County, from 830 Suncrest Drive, Suite 1, Gray, TN 37615 to the "701 Building" at 701 State of Franklin Road, Suite 1, Johnson City, TN 36404, at a capital cost estimated at \$500,000. The applicant is licensed by the Board for Licensing Health Care Facilities, Tennessee Department of Health, as an Outpatient Diagnostic Center. The project is a change of site for an existing facility and service. It will not add or discontinue any significant health service at the ODC; it does not include any type of major medical equipment other than an existing cardiac PET system; it does not affect any inpatient bed complements.

The anticipated date of filing the application is on or before April 15, 2013. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215; (615) 665-2022.

John L. Wellborn 4-8-13

(Signature)

(Date)

jwdsg@comcast.net

(E-mail Address)



STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY
500 Deaderick Street
Suite 850
Nashville, Tennessee 37243
741-2364

April 19, 2013

John Wellborn
Development Support Group
4219 Hillsboro Road, Suite #203
Nashville, Tennessee 37215

RE: Certificate of Need Application CN1304-014
Molecular Imaging Alliance

Dear Mr. Wellborn:

This will acknowledge our April 15, 2013 receipt of your application for a Certificate of Need for the relocation of an Outpatient Diagnostic Center with cardiac PET scanning from 830 Suncrest Drive, Suite 1, Gray (Washington County), TN to 701 State of Franklin Road, Suite 1, Johnson City (Washington County), TN.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Wednesday April 24, 2013. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Applicant Profile, Item 1 and Item 2

The applicant has provided the existing location of the Outpatient Diagnostic Center that houses the PET. Please revise and submit a replacement page that includes the new proposed location.

Please provide a complete contact phone number.

2. Section A, Applicant Profile, Item 3

The initial filing of Lifescan Tennessee, LLC is noted. Please provide documentation from the Tennessee Secretary of State that provides documentation the LLC is active. The web-site is <http://tnbear.tn.gov/Ecommerce/FilingSearch.aspx>

3. Section B, Project Description, Item I

In the companion application, Wellmont Cardiology Services, CN1304-013, it is mentioned the remote location of the current two PET scanners in Gray Tennessee is located between the region's two largest medical care centers. Please clarify if these locations were strategically chosen to serve two medical centers.

Also in the companion application, Wellmont Cardiology Services, CN1304-013, it mentioned this application, Molecular Imaging Alliance, CN1304-014 was told by its equipment leasing company that it will lease only one PET unit at the new location. Please discuss and clarify this statement.

4. Section B, Project Description, Item II.A.

Please describe the nuclear "hot lab".

Does this proposed project include an on-site cyclotron? If not, are there any long-term plans to include a cyclotron on-site?

Table Three-B on the bottom of page three is noted. The correct CON number for ImagDent of Memphis is CN0908-044. Please revise and submit a replacement page.

5. Section B, Item II. D.

The applicant states cardiac PET uses only two radiopharmaceuticals: ammonia (N-13) or rubidium (R-82). The applicant states N-13 has a half-life of 10 minutes and R-82 has a half-life of 75 seconds. The applicant further states as a practical matter, the radiopharmaceutical supplier must be within a short drive of the cardiac PET, if not in the same building (such as the current case for the applicant). The applicant states the current radiopharmaceutical provider will continue to provide materials by manufacturing sufficient amounts so that the required dosage is sufficient by the time it is administered. The applicant states if the delivery trip time plus administration of the pharmaceutical takes 30 minutes, then the amount with the strength of eight doses of N-13 might be sent,

When does the applicant expect to reach optimal capacity for PET (1600 procedures) per year as noted in the State Health Plan.

The applicant states the equipment leasing company intends to sell Molecular Imaging Alliance's second cardiac PET unit. A similar application, Wellmont Cardiology Services, CN1304-013 was filed this month that intends to use the 2nd PET machine of the applicant and offer Cardiac PET Services with a similar service area. How many cardiac PET cases does the applicant expect to be shifted from Molecular Imaging Alliance PET to the proposed Wellmont Cardiology Services cardiac PET?

10. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The use of the Pro Rata Building Value Method is noted in calculating facility cost. The applicant used the recent sale price of \$2,771,044 in the calculation. Please provide documentation of the property sale to document the fair market value.

11. Section C, Economic Feasibility, Item 4.

Please clarify the reason why there are management fees in the Historical Data Chart but not on the Projected Data Chart.

Why are professional fees in the amount of \$161,592 in 2014 and \$177,792 in 2015 included on the Projected Data chart listed as "other expenses"?

On the Historical Data Chart, please clarify the overall reason "Other expenses" listed on Line D.9 increased from \$321,367 in 2010 to \$1,253,864 in 2012. In addition, why are there twenty-five "other expenses" listed on the Historic Data Chart and only ten listed as "other expenses" on the Projected Data chart?

Please explain the fluctuation on the Historical Data Chart on page 39 (Notes to other Expenses) of the line item listed as "Contracted Labor" for the years 2010 (\$53,364), 2011 (\$180.00) and 2012 (\$-27,893).

Please indicate if the cost of radiopharmaceuticals were factored in the Projected Data Chart.

If the applicant had a cyclotron on-site what would be the impact on Project Costs and the Projected Data Chart.

12. Section C, Economic Feasibility, Item 10.

The income statement of the applicant is noted. Please provide a Balance Sheet from the most recent reporting period.

13. Section C, Orderly Development, Item 3.

The proposed salary ranges for the Registered Nurse and Nuclear Medicine Tech appears to be below the mean TDOL surveyed salaries for the proposed service area. Please clarify.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application, the sixtieth (60th) day after written notification is Monday, June 17, 2013. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4)(d)(2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported

to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip M. Earhart". The signature is fluid and cursive, with the first name "Phillip" being the most prominent part.

Phillip M. Earhart
Health Services Development Examiner

PME

Enclosure

**ORIGINAL-
ADDITIONAL
Info**

SUPPLEMENTAL-1

Molecular Imaging Alliance

CN1304-014

2013 APR 29 PM 4 14

April 29, 2013

Phillip M. Earhart, Health Planner III
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37203

RE: CON Application CN1304-014
Molecular Imaging Alliance

Dear Mr. Earhart:

This letter provides additional information to supplement the applicant's April 24 responses to your First Supplemental Questions about the subject application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

6. Section B, Item II. E.

What is the age of the PET scanner?

Please disregard the April 24 response, and substitute the following response:

Soteria advises us that it purchased it new in June 2002. It was located at another facility for more than four years, and then was transferred to the LifeScan Tennessee ODC in Gray in 2007. It is now approximately eleven years old.

11. Section C, Economic Feasibility, Item 4.

e. Please indicate if the cost of radiopharmaceuticals were factored in the Projected Data Chart.

Please disregard the April 24 response and substitute the following response:

The applicant did include them in Supplies, line D3, as shown below. Molecular does not have access to the deep-discount purchasing contracts of a large hospital system, so Molecular is projecting higher general supply and Lexiscan costs per patient than Wellmont is projecting.

| | <u>Year 1</u> | <u>Year 2</u> |
|--|---------------|---------------|
| Patients | 808 | 889 |
| General supplies @ \$15 per patient | \$ 12,120 | \$ 13,335 |
| N-13 @ \$320 (2 doses) per patient | \$258,560 | \$284,480 |
| Lexiscan (stress agent) @ \$70 per patient | \$ 56,560 | \$ 62,230 |
| Total | \$327,240 | \$360,045 |

Page Two
April 29, 2013

While itemizing the supply costs, Molecular has identified an overstatement of those costs on the Projected Data Chart, page 39. Attached immediately after the signature page are revised pages 39R and 41R with that correction.

12. Section C, Economic Feasibility, Item 10.

The income statement of the applicant is noted. Please provide a Balance Sheet from the most recent reporting period.

Since April 24, the applicant has learned that Soteria, the prior owner of the LifeScan ODC, like many large companies, did not do audits of each subsidiary's financial statements. So there are no audited statements available for any period, for LifeScan. However, Soteria has provided its last available unaudited detailed data in the form of Q1-Q3 (Jan-Sept) 2012 income and expense statements, which are attached after this page. In addition, the applicant has attached its own Q1 2013 income and expense statements with detailed information.

Additional Item

Also attached at the end of this response is a duplicate of the last page of the April 24 first supplemental responses, with my signature affixed. Please note its page number says (Executed) to avoid confusion with this letter's signature page.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn
Consultant

PROJECTED DATA CHART -- MOLECULAR IMAGING ALLIANCE/LIFESCAN CARDIAC PET SERVICE

SUPPLEMENTAL

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins in January.

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| | | Year 2014 | Year 2015 |
|--|-----------------------------------|--------------|--------------|
| A. Utilization Data (PET scans) | | 808 | 889 |
| B. Revenue from Services to Patients | | | |
| 1. Inpatient Services | | \$ | \$ |
| 2. Outpatient Services | | 2,531,646 | 2,646,176 |
| 3. Emergency Services | | | |
| 4. Other Operating Revenue (Specify) | | | |
| | Gross Operating Revenue | \$ 2,531,646 | \$ 2,646,176 |
| C. Deductions for Operating Revenue | | | |
| 1. Contractual Adjustments | | \$ 1,077,318 | \$ 1,078,051 |
| 2. Provision for Charity Care 3% | | 75,949 | 79,385 |
| 3. Provisions for Bad Debt 1% | | 25,316 | 26,461 |
| | Total Deductions | \$ 1,178,583 | \$ 1,183,897 |
| NET OPERATING REVENUE | | \$ 1,353,063 | \$ 1,462,279 |
| D. Operating Expenses | | | |
| 1. Salaries and Wages | | \$ 179,628 | \$ 224,628 |
| 2. Physicians Salaries and Wages | | 45,600 | 45,600 |
| 3. Supplies | | 327,240 | 360,045 |
| 4. Taxes | | 18,000 | 20,400 |
| 5. Depreciation | | 81,816 | 72,816 |
| 6. Rent | | 28,380 | 28,380 |
| 7. Interest, other than Capital | | | |
| 8. Management Fees | | | |
| a. Fees to Affiliates | | | |
| b. Fees to Non-Affiliates | | | |
| 9. Other Expenses (Specify) See notes | | 442,558 | 474,756 |
| | Total Operating Expenses | \$ 1,123,222 | \$ 1,226,625 |
| E. Other Revenue (Expenses) -- Net (Specify) | | \$ | \$ |
| NET OPERATING INCOME (LOSS) | | \$ 229,841 | \$ 235,654 |
| F. Capital Expenditures | | | |
| 1. Retirement of Principal | | \$ 15,393 | \$ 16,342 |
| 2. Interest | | 11,851 | 10,902 |
| | Total Capital Expenditures | \$ 27,244 | \$ 27,244 |
| NET OPERATING INCOME (LOSS) | | | |
| LESS CAPITAL EXPENDITURES | | \$ 202,597 | \$ 208,410 |

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

SUPPLEMENTAL

2013 APR 29 PM 4 14

| Table Nine : Average Charges, Deductions, and Net Charges Molecular Imaging Alliance, Johnson City | | |
|---|---------------|---------------|
| | CY2014 | CY2015 |
| Procedures | 808 | 889 |
| Average Gross Charge Per Procedure | \$3,133 | \$2,977 |
| Average Deduction Per Procedure | \$1,458 | \$1,332 |
| Average Net Charge (Net Operating Revenue) Per Procedure | \$1,675 | \$1,645 |
| Average Net Operating Income Per Procedure After Capital Expenditures | \$284 | \$265 |

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

For current and proposed charges, please see C(II).6.B below. Because this project involves a single-service provider (PET scanning), there are no other types of charges that could be impacted by the project. As for the project's impact on this existing service's charges, the Projected Data Chart shows that the applicant will be maintaining approximately the same net operating revenue per procedure (amount actually received from payors after deductions) as the prior owner experienced. See Table Nine in response C(II).6.B below.

LifeScan Tennessee, LLC
Balance Sheet - Compilation
As of March 31, 2013

SUPPLEMENTAL

Cash Basis

| | Mar 31, 13 |
|--|------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Cash in Bank | 13,820.78 |
| Total Checking/Savings | 13,820.78 |
| Total Current Assets | 13,820.78 |
| TOTAL ASSETS | 13,820.78 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Payroll Liabilities | |
| Payroll Taxes | |
| FUTA Company | 124.50 |
| SUTA Company | 668.23 |
| Total Payroll Taxes | 792.73 |
| Total Payroll Liabilities | 792.73 |
| Total Other Current Liabilities | 792.73 |
| Total Current Liabilities | 792.73 |
| Total Liabilities | 792.73 |
| Equity | |
| Members Equity | 11,307.34 |
| Net Income | 1,720.71 |
| Total Equity | 13,028.05 |
| TOTAL LIABILITIES & EQUITY | 13,820.78 |

See accountants' compilation report.

8:53 AM
04/26/13
Cash Basis

LifeScan Tennessee, LLC
Profit & Loss - Compilation
January through March 2013

| | Jan - Mar 13 |
|-----------------------------------|--------------|
| Ordinary Income/Expense | |
| Income | |
| Practice Receipts | 251,934.69 |
| Refunds | -380.55 |
| Total Income | 251,554.14 |
| Gross Profit | 251,554.14 |
| Expense | |
| Bank Service Charges | 698.33 |
| Clinical Supplies | 87,708.00 |
| Contractual Services | |
| Transcriptions | 680.82 |
| Total Contractual Services | 680.82 |
| Equipment Rental | 20,143.69 |
| Insurance Expense | 382.00 |
| Interest Expense | 4,994.13 |
| Internet Expense | 179.08 |
| IT Technical Support | 4,100.00 |
| Licenses and Permits | 900.00 |
| Management Fee | 18,862.66 |
| Meals and Entertainment | 76.07 |
| Medical Director Fees | 11,400.00 |
| Office Supplies | 477.16 |
| Payroll Expenses | |
| Employee Benefits | |
| Health Insurance | 3,468.57 |
| Total Employee Benefits | 3,468.57 |
| Employee Salaries and Wages | |
| Employee Salaries | 15,624.46 |
| Employee Wages | 23,337.24 |
| Total Employee Salaries and Wages | 38,961.70 |
| Payroll Taxes | |
| Federal Unemployment | 124.50 |
| TN Unemployment | 668.23 |
| Total Payroll Taxes | 792.73 |
| Payroll Expenses - Other | 3,801.03 |
| Total Payroll Expenses | 47,024.03 |
| Postage and Shipping | 105.65 |
| Professional Fees | |
| Legal Fees | 4,000.00 |
| Professional Fees - Other | 29,388.00 |
| Total Professional Fees | 33,388.00 |
| Rent Expense | 9,402.50 |
| Repairs and Maintenance | 200.00 |
| Supplies | 1,848.24 |
| Telephone Expense | 1,047.14 |
| Utilities | |
| Electricity | 5,795.17 |
| Gas | 420.76 |
| Total Utilities | 6,215.93 |
| Total Expense | 249,833.43 |
| Net Ordinary Income | 1,720.71 |
| Net Income | 1,720.71 |

See accountants' compilation report.

Balance Sheet
As of 9/30/2012

Lifescan Tennessee LLC (LST)
SUPPLEMENTAL

Assets

Cash and Equivalents

| | | | |
|------------------------------------|----------|--------------|--------------|
| 1020 | Checking | \$-21,319.00 | |
| Total Cash and Equivalents: | | | \$-21,319.00 |

Accounts Receivable

| | | | |
|-----------------------------------|-------------------------------------|---------------|---------------|
| 1100 | Accounts Receivable | \$ 183,120.94 | |
| 1120 | Bad Debt Reserve - Patient Accounts | \$-24,734.39 | |
| Total Accounts Receivable: | | | \$ 158,386.55 |

Prepaid & Deposits, Inventory

| | | | |
|---|------------------|-------------|-------------|
| 1301 | Prepaid Expenses | \$ 1,417.25 | |
| Total Prepaid & Deposits, Inventory: | | | \$ 1,417.25 |

Fixed Assets

| | | | |
|----------------------------|--------------------------|---------------|---------------|
| 1710 | Technical Equipment | \$ 46,000.00 | |
| 1720 | Office Equipment | \$ 17,190.92 | |
| 1730 | Computer Hardware | \$ 16,661.44 | |
| 1735 | Computer Software | \$ 62,980.00 | |
| 1750 | Furniture & Fixtures | \$ 18,023.82 | |
| 1760 | Leasehold Improvements | \$ 445,554.50 | |
| 1790 | Accumulated Depreciation | \$-438,275.49 | |
| Total Fixed Assets: | | | \$ 168,135.19 |
| Total Assets: | | | \$ 306,619.99 |

Liabilities

A/P Trade

| | | | |
|-------------------------|-----------------|---------------|---------------|
| 2010 | A/P Trade | \$ 54,950.37 | |
| 2071 | A/P to Mgmt Co. | \$ 595,003.00 | |
| Total A/P Trade: | | | \$ 649,953.37 |

Accrued Payroll & Taxes

| | | | |
|---|-----------------------|-------------|--------------|
| 2110 | Accrued Payroll | \$ 6,520.14 | |
| 2120 | Payroll Taxes Payable | \$ 2,410.56 | |
| 2130 | 401k Payable | \$ 279.35 | |
| 2140 | Accrued Vacation Pay | \$ 2,453.00 | |
| 2190 | Other Taxes Payable | \$ 3,237.00 | |
| Total Accrued Payroll & Taxes: | | | \$ 14,900.05 |

Intercompany A/P

| | | | |
|--------------------------------|-----------------------------|-----------------|-----------------|
| 2200 | Intercompany A/P to Soteria | \$ 1,254,324.93 | |
| Total Intercompany A/P: | | | \$ 1,254,324.93 |

Other Accrued & Current Liabilities

| | | | |
|---|-------------------------------------|-------------|-------------|
| 2300 | Other Accrued & Current Liabilities | \$ 7,330.00 | |
| Total Other Accrued & Current Liabilities: | | | \$ 7,330.00 |

Long-Term Portion of Debt

| | | | |
|---|-------------|-----------|-----------------|
| 2665 | NEC Payable | \$ 295.85 | |
| Total Long-Term Portion of Debt: | | | \$ 295.85 |
| Total Liabilities: | | | \$ 1,926,804.20 |

Equity

| | | | |
|--|--------------------------------|-----------------|-----------------|
| 3800 | Retained Earnings | \$-1,259,386.66 | |
| 3800 | Retained Earnings-Current Year | \$-360,797.55 | |
| Total Equity: | | | \$-1,620,184.21 |
| Total Liabilities & Equity: | | | \$ 306,619.99 |

Income Statement
For Period 9 Ending 9/30/2012

SUPPLEMENTAL Lifescan Tennessee LLC (LST)

| | | Period to Date | % of Revenue | Year to Date | % of Revenue |
|------------------------------|----------------------------------|---------------------|----------------|----------------------|----------------|
| Revenue | | | | | |
| 4071 | Molecular-Medicare | \$ 24,078.34 | 37.45% | \$ 311,378.49 | 32.58% |
| 4072 | Molecular-Medicaid | \$ 1,971.17 | 3.07% | \$ 8,798.24 | 0.92% |
| 4073 | Molecular-Commercial | \$ 21,754.70 | 33.84% | \$ 402,595.65 | 42.13% |
| 4074 | Molecular-BC/BS | \$ 21,683.55 | 33.73% | \$ 236,820.39 | 24.78% |
| 4075 | Molecular-Work Comp | \$ 0.00 | 0.00% | \$ 3,004.01 | 0.31% |
| 4076 | Molecular-Other | \$ -3,247.62 | -5.05% | \$ 27,852.47 | 2.91% |
| 4200 | Bad Debt - Patient Services | \$ -1,946.50 | -3.03% | \$ -34,853.87 | -3.65% |
| Total Revenue: | | \$ 64,293.64 | 100.00% | \$ 955,595.38 | 100.00% |
| Cost Of Sales | | | | | |
| 5100 | Radiological Fees | \$ 7,243.00 | 11.27% | \$ 97,794.00 | 10.23% |
| 5500 | Contracted Services | \$ 298.34 | 0.46% | \$ 926.66 | 0.10% |
| 5800 | Medical Waste Disposal | \$ 0.00 | 0.00% | \$ 454.95 | 0.05% |
| 5900 | Other Direct Costs | \$ 37.63 | 0.06% | \$ 333.16 | 0.03% |
| Total Cost Of Sales: | | \$ 7,578.97 | 11.79% | \$ 99,508.77 | 10.41% |
| Gross Profit: | | \$ 56,714.67 | 88.21% | \$ 856,086.61 | 89.59% |
| Expenses | | | | | |
| Labor Expenses | | | | | |
| 6010 | Salaries & Wages - Regular | \$ 16,777.08 | 26.09% | \$ 149,749.17 | 15.67% |
| 6350 | Other Employee Benefits | \$ 1,182.53 | 1.84% | \$ 10,338.03 | 1.08% |
| 6400 | Payroll Taxes | \$ 1,271.43 | 1.98% | \$ 12,455.17 | 1.30% |
| 6710 | Continuing Education | \$ 0.00 | 0.00% | \$ 50.00 | 0.01% |
| 6730 | Meals & Entertainment-Staff | \$ 0.00 | 0.00% | \$ 42.93 | 0.00% |
| Total Labor Expenses: | | \$ 19,231.04 | 29.91% | \$ 172,635.30 | 18.07% |
| Office Expense | | | | | |
| 7010 | Supplies | \$ 189.54 | 0.29% | \$ 2,290.72 | 0.24% |
| 7020 | Postage | \$ 0.00 | 0.00% | \$ 103.40 | 0.01% |
| 7030 | Shipping & Delivery | \$ 0.00 | 0.00% | \$ 44.89 | 0.00% |
| 7040 | Bank & Credit Card Fees | \$ 54.24 | 0.08% | \$ 1,361.15 | 0.14% |
| 7410 | Meals & Entertainment | \$ 44.21 | 0.07% | \$ 421.19 | 0.04% |
| 7420 | Travel Expense (Air, Hotel, Etc) | \$ 113.36 | 0.18% | \$ 3,069.52 | 0.32% |
| 7430 | Auto Expense | \$ 121.67 | 0.19% | \$ 1,011.35 | 0.11% |
| 7510 | Subscriptions | \$ 21.97 | 0.03% | \$ 33.94 | 0.00% |
| 7700 | Professional Fees | \$ 0.00 | 0.00% | \$ 5,528.35 | 0.58% |
| 7710 | Medical Director Fees | \$ 3,800.00 | 5.91% | \$ 34,200.00 | 3.58% |
| 7730 | Legal Fees | \$ 0.00 | 0.00% | \$ 416.00 | 0.04% |
| 7930 | Management Fees | \$ 5,283.71 | 8.22% | \$ 63,394.35 | 6.63% |
| 7940 | Billing Fees | \$ 3,522.48 | 5.48% | \$ 42,262.91 | 4.42% |
| Total Office Expense: | | \$ 13,151.18 | 20.45% | \$ 154,137.77 | 16.13% |
| Operating Expenses | | | | | |
| 8010 | Occupancy Rent / Lease | \$ 2,850.00 | 4.43% | \$ 24,818.76 | 2.60% |
| 8020 | Common Area Maint. | \$ 425.00 | 0.66% | \$ 3,825.00 | 0.40% |
| 8030 | Utilities | \$ 2,906.47 | 4.52% | \$ 10,791.17 | 1.13% |
| 8060 | Office Expense | \$ 1,974.98 | 3.07% | \$ 4,119.47 | 0.43% |
| 8110 | Telephone, Local & LD | \$ 363.58 | 0.57% | \$ 4,309.54 | 0.45% |
| 8120 | Telephone, Cellular | \$ 16.07 | 0.02% | \$ 32.20 | 0.00% |
| 8220 | Computer Main/Support Fees | \$ 0.00 | 0.00% | \$ 1,280.00 | 0.13% |
| 8230 | Internet Service | \$ 700.31 | 1.09% | \$ 6,302.79 | 0.66% |
| 8310 | Service Contracts | \$ 372.73 | 0.58% | \$ 2,981.84 | 0.31% |
| 8320 | Repairs and Maintenance | \$ 1,986.93 | 3.09% | \$ 5,321.16 | 0.56% |
| 8411 | Insurance - General Business | \$ 111.94 | 0.17% | \$ 918.72 | 0.10% |
| 8412 | Insurance - Professional | \$ 866.05 | 1.35% | \$ 7,362.81 | 0.77% |
| 8415 | Insurance - Other | \$ 132.24 | 0.21% | \$ 1,125.78 | 0.12% |
| 8450 | Licenses | \$ 0.00 | 0.00% | \$ 5,328.25 | 0.56% |
| 8460 | Property Taxes | \$ 888.84 | 1.38% | \$ 2,328.84 | 0.24% |
| 8462 | Other Taxes | \$ 33.00 | 0.05% | \$ 633.00 | 0.07% |
| 8500 | Equipment Lease Expense | \$ 0.00 | 0.00% | \$ 335.07 | 0.04% |
| 8530 | Lease Expense - Fixed Equipment | \$ 99,167.00 | 154.24% | \$ 892,503.00 | 93.40% |

Income Statement
For Period 9 Ending 9/30/2012

SUPPLEMENTAL

Lifescan Tennessee LLC (LST)

| | | Period to Date | % of Revenue | Year to Date | % of Revenue |
|--|-----------------------------|----------------------|-----------------|------------------------|----------------|
| Operating Expenses | | | | | |
| | | (Continued) | | | |
| 8700 | Interest Expense | \$ 0.00 | 0.00% | \$ 139.53 | 0.01% |
| 8900 | Depreciation | \$ 7,766.11 | 12.08% | \$ 69,894.86 | 7.31% |
| Total Operating Expenses: | | \$ 120,561.25 | 187.52% | \$ 1,044,351.79 | 109.29% |
| Total Expenses: | | \$ 152,943.47 | 237.88% | \$ 1,371,124.86 | 143.48% |
| Net Income From Operations: | | \$-96,228.80 | -149.67% | \$-515,038.25 | -53.90% |
| Other Income and Expense | | | | | |
| 9300 | Gain/Loss on Sale of Assets | \$ 0.00 | 0.00% | \$ 154,240.70 | 16.14% |
| Total Other Income and Expense: | | \$ 0.00 | 0.00% | \$ 154,240.70 | 16.14% |
| Earnings Before Income Tax: | | \$-96,228.80 | -149.67% | \$-360,797.55 | -37.76% |
| Net Income (Loss): | | \$-96,228.80 | -149.67% | \$-360,797.55 | -37.76% |

Page Eleven (Executed)
April 24, 2013

2013 APR 29 PM 4 14

f. If the applicant had a cyclotron on-site what would be the impact on Project Costs and the Projected Data Chart.

This is not a calculation that the applicant has made, or needs to make. Cyclotrons and radiopharmacies are so expensive to establish and to staff that the applicant's acquisition and operation of one just for this project would make the project financially unfeasible. There is not a need for an additional cyclotron in the service area so long as this one performs so efficiently and dependably for area providers with whom it has long-established relationships.

12. Section C, Economic Feasibility, Item 10.

The income statement of the applicant is noted. Please provide a Balance Sheet from the most recent reporting period.

Our copies of the filing indicate that it was included as the first page in Attachment C--Economic Feasibility--10, immediately preceding the LifeScan income statement. Please note that this is the CY2012 balance sheet provided by Soteria, the prior ODC owner until late December 2012. The applicant cannot be responsible for it.

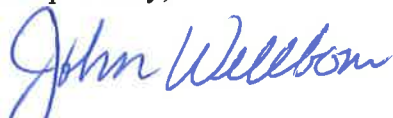
13. Section C, Orderly Development, Item 3.

The proposed salary ranges for the Registered Nurse and Nuclear Medicine Tech appears to be below the mean TDOL surveyed salaries for the proposed service area. Please clarify.

Attached following this page are revised pages 49R and 50R, with more detailed and current data, and with the error in the RN salary range corrected.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn
Consultant

AFFIDAVIT

STATE OF TENNESSEE

2013 APR 29 PM 4 14

COUNTY OF DAVIDSON

NAME OF FACILITY:

Molecular Imaging Alliance

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29 day of APRIL, 2013,
witness my hand at office in the County of DAVIDSON, State of Tennessee.

[Signature]
NOTARY PUBLIC

My commission expires 1-11 - 2017.

HF-0043

Revised 7/02



Copy

Supplemental # I

Molecular Imaging Alliance

CN1304-014

2013 APR 24 PM 2 01

April 24, 2013

Phillip M. Earhart, Health Planner III
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37203

RE: CON Application CN1304-014
Molecular Imaging Alliance

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section A, Applicant Profile, Item 1 and Item 2

The applicant has provided the existing location of the Outpatient Diagnostic Center that houses the PET. Please revise and submit a replacement page that includes the new proposed location. Please provide a complete contact phone number.

Revised page 1R is attached following this page, with the address and the phone number as requested.

2. Section A, Applicant Profile, Item 3

The initial filing of Lifescan Tennessee, LLC is noted. Please provide documentation from the Tennessee Secretary of State that provides documentation the LLC is active. The web-site is <http://tnbear.tn.gov/Ecommerce/FilingSearch.aspx>

Documentation from that website is attached following this page.

KE

PART A**1. Name of Facility, Agency, or Institution**

| | | |
|--|--------------|-----------------|
| Molecular Imaging Alliance | | |
| <i>Name</i> | | |
| 701 N. State of Franklin Road, Suite 1 | | Washington |
| <i>Street or Route</i> | | <i>County</i> |
| Johnson City | TN | 36404 |
| <i>City</i> | <i>State</i> | <i>Zip Code</i> |

2. Contact Person Available for Responses to Questions

| | | | |
|--------------------------------|---------------------|-----------------------|-----------------|
| John Wellborn | | Consultant | |
| <i>Name</i> | | <i>Title</i> | |
| Development Support Group | | jwdsg@comcast.net | |
| <i>Company Name</i> | | <i>E-Mail Address</i> | |
| 4219 Hillsboro Road, Suite 203 | Nashville | TN | 37215 |
| <i>Street or Route</i> | <i>City</i> | <i>State</i> | <i>Zip Code</i> |
| CON Consultant | 615-665-2022 | 615-665-2042 | |
| <i>Association With Owner</i> | <i>Phone Number</i> | <i>Fax Number</i> | |

3. Owner of the Facility, Agency, or Institution

| | | |
|-------------------------|--------------|-----------------|
| LifeScan Tennessee, LLC | | |
| <i>Name</i> | | |
| Same as in #1 above | | |
| <i>Street or Route</i> | | <i>County</i> |
| | | |
| <i>City</i> | <i>State</i> | <i>Zip Code</i> |

4. Type of Ownership or Control (Check One)

| | | | |
|---------------------------------|--|--|---|
| A. Sole Proprietorship | | F. Government (State of TN or Political Subdivision) | |
| B. Partnership | | G. Joint Venture | |
| C. Limited Partnership | | H. Limited Liability Company | x |
| D. Corporation (For-Profit) | | I. Other (Specify): | |
| E. Corporation (Not-for-Profit) | | | |

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

RE
SUPPLEMENTAL- #2

Department Home | Contact Us | Search: **April 24, 2013**
 2:02 pm

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Tre Hargett

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Business Information Search

As of April 18, 2013 at 4:30 p.m. we have processed all corporate documents received in our office through April 18, 2013 and annual reports received in our office through April 18, 2013.

Search: 1-1 of 1

Search Name: ☒ Starts With ☐ Contains

Control #:

Active Entities Only: ☐

| Control # | Entity Type | Name | Name Type | Name Status | Entity Filing Date | Entity Status |
|------------------|-------------|-------------------------------------|-----------|-------------|--------------------|---------------|
| <u>000538622</u> | LLC | LIFESCAN TENNESSEE, LLC DELAWARE | Entity | Active | 01/16/2007 | Active |

1-1 of 1

Information about individual business entities can be queried, viewed and printed using this search tool for free.

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3. Section B, Project Description, Item I

a. In the companion application, Wellmont Cardiology Services, CN1304-013, it is mentioned the remote location of the current two PET scanners in Gray Tennessee is located between the region's two largest medical care centers. Please clarify if these locations were strategically chosen to serve two medical centers.

The original location in Gray was intended to serve patients from both the Kingsport and Johnson City medical centers. It has served hundreds of patients annually from that location. However, many more physicians and patients would utilize it if it were closer to the physician and patient concentrations near the medical centers. The locations have been chosen to provide that advantage. The Johnson City location is just down the street from Johnson City Medical Center, less than a mile away.

b. Also in the companion application, Wellmont Cardiology Services, CN1304-013, it mentioned this application, Molecular Imaging Alliance, CN1304-014 was told by its equipment leasing company that it will lease only one PET unit at the new location. Please discuss and clarify this statement.

Actually, the reverse is the case: The applicant Molecular, which now leases two cardiac PET units, has told its leasing company that it--Molecular--will lease only one of those units when it moves to Johnson City. See p. 14, second paragraph of this application, which provides more details and a context.

4. Section B, Project Description, Item II.A.

a. Please describe the nuclear "hot lab".

A nuclear hot lab for PET is a single room where (a) the radioactive dose from the vendor is physically delivered, (b) the containers are validated by the nuclear medicine technician to be free of external radiation dangers, (c) the dosages are validated to comply with dosage requirements, and (b) the dosages are placed in shielded syringes, inside shielded containers, before transport to the "camera room" where the patient is lying on a table to receive the injection.

The hot lab room has a dose calibrator, a lead-shielded PET unit dose cabinet, meters with probes, a lead L-block shield, leaded syringe carriers and shields, and various support items such as instruments, decontamination kit, sharps containers, and radioactive sources (200mci; 5 mci). The shielding protects the technician, nurse, physician, and patient--before, during, and after the injection of the radioactive substance in the adjoining cardiac PET camera room.

Page Three
April 24, 2013

b. Does this proposed project include an on-site cyclotron? If not, are there any long-term plans to include a cyclotron on-site?

No, to both questions. Cyclotrons are prohibitively expensive to acquire and staff. The one in Gray has the capacity to provide all dosages needed in the entire Upper East Tennessee region. The applicant and the vendor have a long-established business relationship.

c. Table Three-B on the bottom of page three is noted. The correct CON number for ImagDent of Memphis is CN0908-044. Please revise and submit a replacement page.

Revised page 10R, with the excess digit removed from the CON number, is attached following this page.

5. Section B, Item II. D.

The applicant states cardiac PET uses only two radiopharmaceuticals: ammonia (N-13) or rubidium (R-82). The applicant states N-13 has a half-life of 10 minutes and R-82 has a half-life of 75 seconds. The applicant further states as a practical matter, the radiopharmaceutical supplier must be within a short drive of the cardiac PET, if not in the same building (such as the current case for the applicant). The applicant states the current radiopharmaceutical provider will continue to provide materials by manufacturing sufficient amounts so that the required dosage is sufficient by the time it is administered. The applicant states if the delivery trip time plus administration of the pharmaceutical takes 30 minutes, then the amount with the strength of eight doses of N-13 might be sent, so that after its radioactivity diminishes by 50% every 10 minutes, one full doses remains for injection.

Please respond to the following questions in regards to the above statements:

a. If eight doses of N-13 is sent 10.3 miles to the new proposed location to finally equal one dose, does that mean the applicant will pay for more N-13 materials than if the PET was on-site with the cyclotron.

The N-13 cost will not increase in this relocation. The applicant has the vendor's commitment to deliver the needed dosages to the Johnson City site for the same price as they are now delivered to Gray. Any price increases in the future will not be due to distance. This vendor delivers to many different locations in the area already. The vendor is willing to deliver N-13 at distances up to a half hour drive from Gray.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

ODC renovation projects completed in 2008-2012 ranged from \$52-\$196 PSF construction cost, according to data from the HSDA Registry. See Table Three-A below. Although the HSDA Registry did not compile a similar table for 2008-2012 due to the small number of ODC projects (5) completed in 2012, the Registry has supplied construction cost data for those five projects; see Table Three-B below.

LifeScan's projected renovation cost of \$177 PSF for this very small space is consistent with the range of costs shown in these tables. A very small project like this can be expected to show a relatively high cost per SF compared to larger projects, because larger projects can spread the site mobilization and related fixed costs over a larger square footage, when calculating costs PSF.

| Table Three-A: Outpatient Diagnostic Center Construction Cost PSF Years: 2008-2010 | | | |
|---|---------------------------|---------------------|-----------------------|
| | Renovated Construction | New Construction | Total Construction |
| 1 st Quartile | \$51.55/sq ft | none | \$51.55/sq ft |
| Median | \$122.15/sq ft | none | \$122.15/sq ft |
| 3 rd Quartile | \$196.46/sq ft | none | \$196.46/sq ft |

Source: HSDA Registry. CON approved applications for years 2008 through 2010

| Table Three-B: Outpatient Diagnostic Center Construction Cost PSF Years: 2012 | | | |
|--|------------------------------------|--------------------|------------------------------|
| CON | ODC / Provider | Renovation Area | Construction Cost / sq ft |
| CN0908-044 | ImagDent of Memphis | 1,746 SF | \$51.55/sq ft |
| CN1010-046 | Murfreesboro Diagnostic Imaging | 9,587 SF | \$122.15/sq ft |
| CN1010-047 | Cleveland Imaging | 911 SF | \$269.91/sq ft |
| CN1103-008 | E. TN Community Open MRI | 795 SF | \$160.38/sq ft |
| CN1110-039 | St. Thomas OP Imaging | 7,737 SF | \$159.69/ sq ft |

Source: HSDA Registry. CON approved ODC projects completed in 2012 (all renovation).

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April 24, 2013

b. What happens if there is a time delay during transport of radiopharmaceuticals?

The vendor has been delivering N-13 dosages to the mobile PET at Holston Valley Medical Center in Kingsport for more than a year and has never been delayed sufficiently to require rescheduling of patients. According to the vendor, that delivery averages 23 minutes drive time one-way, compared to only 12 minutes to the WCS project site on Meadowview Parkway, and 13 minutes to the Molecular project site in Johnson City. In addition, the vendor's drivers constantly monitor emergency broadcast frequencies to identify road closures or automobile accidents, and they choose alternate routes to avoid such delays.

If there were a major delay, for example from a storm or emergency closure of an interstate or federal highway, the patient would be rescheduled. This is an outpatient diagnostic procedure.

c. Is it safer for the patient to receive radiopharmaceuticals from a cyclotron on-site where the time element is more closely monitored?

Not at all. All delivery drivers must be licensed by the State Department of Conservation and Environment to handle radioactive materials and must be trained and certified by the US Department of Transportation in safe transport procedures. Off-site delivery is a safe and well-established practice nationally because cyclotrons are costly and few in number, and must therefore supply most of their customers through off-site deliveries.

d. Is the increase in the supply cost of \$105,499 in the Historical Data Chart in 2012 to \$520,219 in the Projected Data Chart in 2015 attributed to the increase in radiological doses needed due to diminishing radioactivity?

No. The Historical Data Chart reflects the operations of the previous ODC owner, Soteria Imaging and not the current ODC owner.

Until the last few days of CY2012, Soteria owned both the LifeScan ODC and the leasing company that provided its PET systems, and from 2010-2012 began to shift the cost of supplies to its PET equipment leasing company, for reasons not known to the applicant. This application's projection of supply costs reflect the applicant's own experience so far in CY2013 (the company changed owners in December of 2012).

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April 24, 2013

**6. Section B, Item II. E.
What is the age of the PET scanner?**

Soteria advises us that it purchased it new in June 2002. It was located at another facility for six years, and was transferred to the LifeScan Tennessee ODC in Gray in May 2008.

**7. Section C, Need, Item 2.
The applicant states Molecular Imaging is not a hospital and does not prepare its own long-range campus or development plan. Please clarify if the relocation of the proposed ODC is a long- range or short- range plan.**

The applicant has a long-range commitment to operate in Johnson City, close to referring cardiologists.

**8. Section C, Need, Item 3
a. Table five on page 25 is noted. Please recheck the calculation for CY 2014 and CY 2015 PET scans. Please revise if needed.**

The data are accurate--just rounded to the closest whole number. The scans by county were calculated by multiplying CY2012 county market share percentages, times the total projected annual scans. The county-level scan data were rounded into whole numbers. The unrounded scans by county do add exactly to the total projected utilization for both years.

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b. In CN0701-010, LifeScan Tennessee, LLC, the approved services area was ten (10) Tennessee Counties, including Carter, Cocke, Greene, Hamblen, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington Counties. The applicant now proposes a service area consisting of five (5) Tennessee counties that includes Carter, Greene, Sullivan, Unicoi and Washington counties. Please clarify the reason why there is now a new service area.

Despite the 2007 application's use of the word "primary service area", the metrics in CN0701-010 clearly demonstrate that the ten listed Tennessee counties included its secondary as well as its primary service areas.

Its Projected Data Chart showed 690 total scans from all areas, in Year One. On page 3 of the supplemental responses dated January 26, 2007, the applicant showed the ten Tennessee counties would generate 690 scans. Elsewhere on page 3, the applicant stated that it would experience between 620 and 759 scans annually. The ten Tennessee county-level projections on that page therefore were 91% to 100% of the project's entire utilization (690 divided by 690 and by 759 scans = 100% and 91%, respectively). The inescapable conclusion is that those ten counties were that applicant's primary plus secondary Tennessee service area.

To make an apple-to-apples comparison of the current Molecular application to the 2007 application, please consider the new information below in Table Five (Supplemental). The table shows Molecular's CY2012 primary plus secondary Tennessee service area counties, which generate 92.9% of its patients. It states that this will remain Molecular's service area at its proposed new location. The Tennessee counties that Molecular now serves, and will continue to serve, are seven of the ten counties projected in 2007. Those seven counties contain 82% of the ten-county area population. That is substantial conformity to the original projection.

One must also consider that, except for hospice or home health projects, a CON holder is approved not for a service area, but rather for a service, and a site. There is a reasonable expectation that the projected service area will be served; but 100% conformity is not required, or feasible. Substantial conformity can, and should, be achieved as a matter of good faith. Molecular has done that, and will continue to do that when relocated.

| Table Five (Supplemental): Projected (2007) and Actual (2012) Primary & Secondary Tennessee Counties Molecular Imaging Alliance ODC, Gray, Tennessee | | |
|---|---|--|
| All Tennessee Service Area Counties Projected In Approved CN0701-10 | CY2012 Percent of Total ODC Patients from County | CY2013 TDH Projected Population of County |
| 1. Carter | 17.8% | 60,119 |
| 2. Greene | 7.8% | 68,390 |
| 3. Hawkins | 0.7% | 60,131 |
| 4. Johnson | 3.1% | 18,881 |
| 5. Sullivan | 6.0% | 154,387 |
| 6. Unicoi | 8.1% | 17,903 |
| 7. Washington | 49.4% | 120,136 |
| Subtotal | 92.9% | 499,947 (82.3%) |
| 8. Cocke | 0 | 37,001 |
| 9. Hamblen | <0.1% | 63,947 |
| 10. Hancock | 0 | 6,832 |
| Subtotal | 0% | 107,780 (17.7%) |
| Total, Ten Counties | c. 93% | 607,727 (100%) |

Sources: CN0701-10; Molecular Imaging Alliance's CY2012 Patient Origin Data; TDH population projections, Feb. 2008 series.

9. Section C, Need, Item 6

a. The applicant is projecting a slower annual increase of 10% annually at the new proposed location over 17% experienced at the current location. Since this proposed location is closer to referral sources, why is the applicant projecting a slower rate of annual utilization?

This was done simply to be conservative. A 17% annual increase for so many years would be difficult to achieve. The applicant did not want to overestimate the impact of moving to Johnson City.

b. When does the applicant expect to reach optimal capacity for PET (1600 procedures) per year as noted in the State Health Plan.

If a continuous 10% compound annual growth rate is maintained, the ODC would perform 1575 scans annually in its eighth year of operation in Johnson City (CY2021).

Page Eight
April 24, 2013

c. The applicant states the equipment leasing company intends to sell Molecular Imaging Alliance's second cardiac PET unit. A similar application, Wellmont Cardiology Services, CN1304-013 was filed this month that intends to use the 2nd PET machine of the applicant and offer Cardiac PET Services with a similar service area. How many cardiac PET cases does the applicant expect to be shifted from Molecular Imaging Alliance PET to the proposed Wellmont Cardiology Services cardiac PET?

Clarification: Both PET units at Gray belong to the equipment leasing company, not to Molecular Imaging Alliance.

Molecular Imaging Alliance and Wellmont Cardiology Services have worked together on this plan to "subdivide" Gray's ODC. Neither sees the other's service as overlapping and competitive within the near future. WCS does not now send its patients to Gray; all its utilization will come from converting its own patients' SPECT tests to cardiac PET tests, or doing follow-up procedures after unsatisfactory SPECT results. WCS and Molecular have different physician referral sources, although those physicians are working in the same general service area. So Molecular is not expecting to lose any utilization to WCS.

10. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The use of the Pro Rata Building Value Method is noted in calculating facility cost. The applicant used the recent sale price of \$2,771,044 in the calculation. Please provide documentation of the property sale to document the fair market value.

Attached following this page is the draft sales agreement currently being negotiated for the sale of the building. The building value in the CON is the asking price of the seller. A somewhat lower price might be agreed upon; but for now the owner's offer of sale reasonably establishes the building's current market value. The seller is one of the area's most experienced commercial developers, is interested in selling his building, and has offered it at a price reflecting local market information.

COMMERCIAL PURCHASE AND SALE AGREEMENT

1. **Purchase and Sale.** For and in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer Jeffrey W. Schoondyke or assigns ("Buyer") agrees to buy and the undersigned seller 701 Franklin, LLC ("Seller") agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows: All that tract of land known as: 701 North State of Franklin Road (Address) Johnson City (City), Tennessee, 37604 (Zip), as recorded in Washington County Register of Deeds Office, R128 deed book(s), I1766 page(s), and/or instrument no. and as further described as: Parcel ID: 045M E 001.00 together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property", as more particularly described in Exhibit "A" or if Exhibit A is not attached as is recorded with the Register of Deeds of the county in which the Property is located and is made a part of this Commercial Purchase and Sale Agreement ("Purchase and Sale Agreement" or "Agreement") by reference.

2. **Purchase Price.** The total purchase price for the Property shall be Two Million Seven Hundred Seventy-One Thousand Forty-Four U.S. Dollars, (\$2,771,044.00) ("Purchase Price"), and is subject to all prorations and adjustments and shall be paid by Buyer at the Closing by cash, a Federal Reserve Bank wire transfer of immediately available funds, cashier's check or certified check.

3. **Earnest Money.** Buyer has deposited the sum of \$ 5,000.00 with Mitch Cox Realtor, Inc. ("Holder") located at 801 Sunset Drive, Suite D-1, Johnson City, TN 37604 (Address of Holder). Additional Earnest Money, if any, to be tendered and applied as follows:

This sum ("Earnest Money") has been received by Holder and is to be applied as part of the Purchase Price at Closing. The Earnest Money shall be deposited in Holder's escrow account within five (5) banking days from the Binding Agreement Date. In the event any Earnest Money check is not honored, for any reason, by the financial institution from which it is drawn, Holder shall promptly notify Buyer and Seller. Buyer shall have three (3) business days after notice to deliver good funds to Holder. In the event Buyer does not timely deliver good funds to Holder, this Agreement shall automatically terminate and Holder shall notify the parties of the same. Holder shall disburse Earnest Money only as follows:

- (a) at Closing to be applied as a credit toward Buyer's Purchase Price;
- (b) upon a subsequent written agreement signed by Buyer and Seller; or
- (c) as set forth below in the event of a dispute regarding Earnest Money.

No party shall seek damages from Holder, nor shall Holder be liable for any such damages, and all parties agree to defend and hold harmless Holder for any matter arising out of or related to the performance of Holder's duties hereunder.

Disputes Regarding Earnest Money. In the event Buyer or Seller notifies Holder of a dispute regarding disposition of Earnest Money that Holder cannot resolve, Buyer and Seller agree to interplead Earnest Money into a court of competent jurisdiction. Holder shall be reimbursed for, and may deduct from, any funds interpleaded, its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder, and upon payment of such funds into the court clerk's office, Holder shall be released from all further liability in connection with the funds delivered.

4. **Inspection.** Prior to Closing, Buyer and Buyer's agents shall have the right to enter upon the Property at Buyer's expense and at reasonable times, to inspect, survey, examine, and test the Property as Buyer may deem necessary as part



of Buyer's acquisition of the Property. Buyer may, for a fee, obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division of Ground Water Protection. Buyer shall indemnify and hold Seller and all Brokers harmless from and against any and all claims, injuries, and damages to persons and/or property arising out of or related to the exercise of Buyer's rights hereunder. Buyer shall have 30 days after the Binding Agreement Date ("Due Diligence Period") to evaluate the Property, the feasibility of the transaction, the availability and cost of financing, and any other matter of concern to Buyer. During the Due Diligence Period, Buyer shall have the right to terminate this Agreement upon notice to Seller if Buyer determines, based on a reasonable and good faith evaluation of the above, that it is not desirable to proceed with the transaction, and Buyer will be entitled to a refund of the Earnest Money. Within 10 days after the Binding Agreement Date, Seller shall deliver to Buyer copies of the materials concerning the Property referenced in Exhibit "B" (collectively "Due Diligence Materials"), which materials shall be promptly returned by Buyer if Agreement does not Close for any reason. If Buyer fails to timely notify Seller that it is not proceeding with the transaction, Buyer shall waive its rights to terminate this Agreement pursuant to this paragraph.

5. Title.

A. Warranties of Seller. Seller warrants that at Closing, Seller shall convey good and marketable, fee simple title to the Property to Buyer, subject only to the following exceptions ("Permitted Exceptions"):

- (1) Liens for ad valorem taxes not yet due and payable.
- (2) Those exceptions to which Buyer does not object or which Buyer waives in accordance with the Title Issues and Objections paragraph below. "Good and marketable, fee simple title" with respect to the Property shall be such title:
 - (a) as is classified as "marketable" under the laws of Tennessee; and
 - (b) as is acceptable to and insurable by a title company doing business in Tennessee ("Title Company"), at standard rates on an American Land Title Association Owner's Policy ("Title Policy").

B. Title Issues and Objections. Buyer shall have 15 days after the Binding Agreement Date to furnish Seller with a written statement of any title objections, UCC-1 or UCC-2 Financing Statements, and encroachments, and other facts affecting the marketability of the Property as revealed by a current title examination. Seller shall have 15 days after the receipt of such objections (the "Title Cure Period") to cure all valid title objections. Seller shall satisfy any existing liens or monetary encumbrances identified by Buyer as title objections which may be satisfied by the payment of a sum certain prior to or at Closing. Except for Seller's obligations in the preceding sentence, if Seller fails to cure any other valid title objections of Buyer within the Title Cure Period (and fails to provide Buyer with evidence of Seller's cure satisfactory to Buyer and to Title Company), then within five (5) days after the expiration of the Title Cure Period, Buyer may as Buyer's sole remedies: (1) rescind the transaction contemplated hereby, in which case Buyer shall be entitled to the return of Buyer's Earnest Money; (2) waive any such objections and elect to Close the transaction contemplated hereby irrespective of such title objections and without reduction of the Purchase Price; or (3) extend the Closing Date period for a period of up to fifteen (15) days to allow Seller further time to cure such valid title objections. Failure to act in a timely manner under this paragraph shall constitute a waiver of Buyer's rights hereunder. Buyer shall have the right to reexamine title prior to Closing and notify Seller at Closing of any title objections which appear of record after the date of Buyer's initial title examination and before Closing.

6. Closing.

A. Closing Date. This transaction shall be consummated at the office of _____ on May 28th, 2013, (the "Closing Date") or at such other time and place(s) the parties may agree upon in writing.

B. Possession. Seller shall deliver possession and occupancy of the Property to Buyer at Closing, subject only to the rights of tenants in possession and the Permitted Exceptions.

7. Seller's Obligations at Closing. At Closing, Seller shall deliver to Buyer: (a) a Closing Statement; (b) General Warranty Deed; (c) all documents which Seller must execute under the terms of this Agreement to cause the Title Company to deliver to Buyer the Title Policy including, without limitation, a title affidavit from Seller to Buyer and to the Title Company in the form customarily used in Tennessee commercial real estate transactions so as to enable the Title Company to issue Buyer the Title Policy with all standard exceptions deleted and subject only to Permitted Exceptions; and (d) evidence reasonably satisfactory to Buyer at Closing of all documents/items indicated in Exhibit "C", if any (all documents to be delivered by Seller under this paragraph, including all documents/items indicated in Exhibit "C" are collectively "Seller's Closing Documents").



8. Conditions to Closing.

This Agreement is contingent upon the following:

- 1) The Property appraising for an amount equal to or greater than the Purchase Price.
- 2) Buyer securing financing for the purchase of the Property.

9. Costs.

A. **Seller's Costs.** Seller shall pay all existing loans and/or liens affecting the Property; the cost of recording any title curative documents, including without limitation, satisfactions of deeds to secure debt, quitclaim deeds and financing statement termination; any accrued and/or outstanding association dues or fees; fee (if any) to obtain lien payoff/estoppel letters from any and all associations, mortgage holders or other liens affecting the Property; all deed recording fees; the fees of Seller's counsel and, if checked, ☐ all transfer taxes, otherwise Buyer is responsible for transfer taxes.

In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected from Seller by Buyer's Closing Agent at the time of Closing. In the event Seller is not subject to FIRPTA, Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject to FIRPTA. *It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date regarding such tax matters.*

B. **Buyer's Costs.** Buyer shall pay the cost of Buyer's counsel and consultants; any costs in connection with Buyer's inspection of the Property and any costs associated with obtaining financing for the acquisition of the Property (including any intangibles tax, all deed recording fees and the cost of recording Buyer's loan documents.)

C. **Additional Costs.** In addition to the costs identified above, the following costs shall be paid by the parties hereto as indicated below:

| <u>Item to be Paid</u> | <u>Paid by Seller</u> | <u>Paid by Buyer</u> |
|---|--------------------------|-------------------------------------|
| Survey | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Title Examination | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Premium for Standard Owner's Title Insurance Policy | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

10. **Taxes and Prorations.** Real estate taxes on the Property for the calendar year in which the Closing takes place shall be prorated as of 12:01 a.m. local time on the Closing Date. Seller shall be responsible (even after Closing) for paying all taxes (including previous reassessments) on the Property for the time period during which Seller owned the Property and shall indemnify the Buyer therefore. In addition, the following items shall also be prorated as of 12:01 a.m. local time on the Closing Date [Select only those that apply to this transaction; the items not checked do not apply to this Agreement]:

| | | |
|---|---|---|
| <input checked="" type="checkbox"/> Utilities | <input checked="" type="checkbox"/> Service Contracts | <input type="checkbox"/> Tenant Improvement Costs |
| <input checked="" type="checkbox"/> Rents | <input type="checkbox"/> Leasing Commissions | <input type="checkbox"/> Other: _____ |

11. Representations and Warranties.

A. **Seller's Representations and Warranties.** As of the Binding Agreement Date and the Closing Date, Seller represents and warrants to Buyer that Seller has the right, power, and authority to enter into this Agreement and to convey the Property in accordance with the terms and conditions of this Agreement. The persons executing this Agreement on behalf of Seller have been duly and validly authorized by Seller to execute and deliver this Agreement and shall have the right, power, and authority to enter into this Agreement and to bind Seller. Seller also makes the additional representations and warranties to Buyer, if any, as indicated on Exhibit "D".

B. **Buyer's Representations and Warranties.** As of the Binding Agreement Date and the Closing Date, Buyer represents and warrants to Seller that Buyer has the right, power, and authority to enter into this Agreement and to consummate the transaction contemplated by the terms and conditions of this Agreement. The persons executing this Agreement on behalf of Buyer have been duly and validly authorized by Buyer to execute and deliver this Agreement and shall have the right, power, and authority to enter into this Agreement and bind Buyer. Upon Seller's request, Buyer shall furnish such documentation evidencing signor's authority to bind Buyer.



12. Agency and Brokerage.

A. Agency.

- (1) In this Agreement, the term "Broker" shall mean a licensed Tennessee real estate broker or brokerage firm and, where the context would indicate, the Broker's affiliated licensees. No Broker in this transaction shall owe any duty to Buyer or Seller greater than what is set forth in their brokerage engagements, the Tennessee Real Estate Broker License Act of 1973, as amended, and the Tennessee Real Estate Commission rules and regulations.
- (2) If one of the parties is not represented by a Broker, that party is solely responsible for their own interests, and that Broker's role is limited to performing ministerial acts for the unrepresented party.
- (3) The Broker, if any, working with the Seller is identified on the signature page as the "Listing Company"; and said Broker ☒ is OR ☐ is not representing the Seller.
- (4) The Broker, if any, working with the Buyer is identified on the signature page as the "Selling Company", and said Broker ☐ is OR ☒ is not representing the Buyer.
- (5) If Buyer and Seller are both being represented by the same Broker, a relationship of either ☐ designated agency, OR, ☐ Facilitator OR ☐ dual agency shall exist.

(a) **Designated Agency Assignment.** *[Applicable only if designated agency has been selected above]*

The Broker has assigned affiliate licensee _____ to work exclusively with Buyer as Buyer's Designated Agent and affiliate licensee _____ to work exclusively with Seller as Seller's Designated Agent. Each Designated Agent shall exclusively represent the party to whom each has been assigned as a client and shall not represent in this transaction the client assigned to the other Designated Agent.

(b) **Facilitator.** *[Applicable only if Facilitator has been selected above]* The licensee is not working as an agent for either party in this consumer's prospective transaction. A Facilitator may advise either or both of the parties to a transaction but cannot be considered a representative or advocate for either party. "Transaction Broker" may be used synonymously with, or in lieu of, "Facilitator" as used in any disclosures, forms or agreements. [By law, any licensee or company who has not entered into a written agency agreement with either party in the transaction is considered a Facilitator or Transaction Broker until such time as an agency agreement is established.]

(c) **Dual Agency Disclosure.** *[Applicable only if dual agency has been selected above]* Seller and Buyer are aware that Broker is acting as a dual agent in this transaction and consent to the same. Seller and Buyer have been advised that:

1. In serving as a dual agent the Broker is representing two clients whose interests are, or at times could be, different or even adverse.
2. The Broker will disclose all adverse, material facts relevant to the transaction, and actually known to the dual agent, to all parties in the transaction except for information made confidential by request or instructions from another client which is not otherwise required to be disclosed by law.
3. The Buyer and Seller do not have to consent to dual agency, and
4. The consent of the Buyer and Seller to dual agency has been given voluntarily and the parties have read and understand their brokerage engagement agreements.
5. Notwithstanding any provision to the contrary contained herein, Seller and Buyer each hereby direct Broker, if acting as a dual agent, to keep confidential and not reveal to the other party any information which could materially and adversely affect their negotiating position unless otherwise prohibited by law.

(d) **Material Relationship Disclosure.** *[Required with dual Agency]* The Broker and/or affiliated licensees have no material relationship with either client except as follows: _____
A material relationship means one of a personal, familial or business nature between the Broker and affiliate licensees and a client which would impair their ability to exercise fair judgment relative to another client.

Seller Initials _____ Buyer Initials _____

B. **Brokerage.** Seller agrees to pay Listing Broker at Closing the compensation specified by separate agreement. The Listing Broker will direct the closing agency/attorney to pay the Selling Broker, from the commission received, an amount, if any, in accordance with the terms and provisions specified by separate agreement. The parties agree and



acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third party beneficiary only for the purposes of enforcing their commission rights, and as such, shall have the right to maintain an action on this Agreement for any and all compensations due and any reasonable attorney's fees and court costs.

13. Disclaimer. It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting Seller or Buyer and their brokers (collectively referred to as "Brokers") are not parties to this Agreement and do not have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not be responsible for any matter which could have been revealed through a survey, title search or inspection of the Property; for the condition of the Property, any portion thereof, or any item therein; for any geological issues present on the Property; for any issues arising out of Buyer's failure to physically inspect the Property prior to entering into this Agreement and/or Closing; for building products and construction techniques; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the availability, capability, and/or cost of utility, sewer, septic, or community amenities; for proposed or pending condemnation actions involving the Property; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; for any condition(s) existing off the Property which may affect the Property; for the terms, conditions and availability of financing; and for the uses and zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any claims against Brokers (including their firms and affiliated licensees) involving same. Buyer and Seller understand that it has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them, that they secure the services of appropriately credentialed experts and professionals of Buyer's or Seller's choice for the independent expert advice and counsel relative thereto.

14. Destruction of Property Prior to Closing. If the Property is destroyed or substantially destroyed prior to Closing, Seller shall give Buyer prompt notice thereof, which notice shall include Seller's reasonable estimate of: (1) the cost to restore and repair the damage; (2) the amount of insurance proceeds, if any, available for the same; and (3) whether the damage will be repaired prior to Closing. Upon notice to Seller, Buyer may terminate this Agreement within seven (7) days after receiving such notice from Seller. If Buyer does not terminate this Agreement, Buyer shall be deemed to have accepted the Property with the damage and shall receive at Closing (1) any insurance proceeds which have been paid to Seller but not yet spent to repair the damage and (2) an assignment of all unpaid insurance proceeds on the claim. Buyer may request in writing, and Seller shall provide within five (5) business days, all documentation necessary to confirm insurance coverage and/or payment or assignment of insurance proceeds.

15. Other Provisions.

A. Exhibits, Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date. This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. Any assignee shall fulfill all the terms and conditions of this Agreement. The parties hereby authorize either licensee to insert the time and date of the receipt of notice of acceptance of the final offer and further agree to be bound by such as the Binding Agreement Date following the signatory section of this Agreement, or Counter Offer, if applicable.

B. Survival Clause. Any provision herein contained, which by its nature and effect, is required to be performed after Closing shall survive the Closing and delivery of the deed and shall remain binding upon the parties to this Agreement and shall be fully enforceable thereafter. Notwithstanding the above, the representations and warranties made in Exhibit "D" shall survive the Closing for a period of 0 days after the date of Closing.

C. Governing Law and Venue. This Agreement is intended as a contract for the purchase and sale of real property and shall be interpreted in accordance with the laws and in the courts of the State of Tennessee.

D. Time of Essence. Time is of the essence in this Agreement.

E. Terminology. As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm, or corporation to which they relate; (3) the feminine shall mean the masculine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time is to be determined by the location of the Property. All references to time are deemed to be local time. **In the event a performance deadline, other than the Closing Date (in paragraph six (6)), Day of Possession (in paragraph six (6)), and Offer Expiration date (in paragraph nineteen (19)), occurs on a Saturday, Sunday or legal holiday, the**



performance deadline shall be extended to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. § 6103. In calculating any time period under this Agreement, the commencement day shall be the day following the initial date (e.g. Binding Agreement Date).

F. Responsibility to cooperate. Buyer and Seller agree to timely take such actions and produce, execute, and/or deliver such information and documentation as is reasonably necessary to carry out the responsibilities and obligations of this Agreement. Except as to matters which are occasioned by clerical errors or omissions or erroneous information, the approval of the Closing documents by the parties shall constitute their approval of any differences between this Agreement and the Closing. The Buyer and Seller agree that if requested after Closing they will correct any documents and pay any amounts due where such corrections or payments are appropriate by reason of mistake, clerical errors or omissions, or the result of erroneous information.

G. Notices. Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered either (1) in person, (2) by a prepaid overnight delivery service, (3) by facsimile transmission (FAX), (4) by the United States Postal Service, postage prepaid, registered or certified return receipt requested or (5) Email. **NOTICE** shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the real estate licensee or their Broker assisting a party as a client or customer shall be deemed to be notice to that party for all purposes under this Agreement as may be amended, unless otherwise provided in writing.

H. Remedies. In the event of a breach of this Agreement, the non-breaching party may pursue all remedies available at law or in equity except where the parties have agreed to arbitrate. Notwithstanding the above, if Buyer breaches Buyer's obligations or warranties herein Seller shall have the option to request that Holder pay the Earnest Money to Seller, which if disbursed to Seller by Holder shall constitute liquidated damages in full settlement of all claims by Seller. Such liquidated damages are agreed to by the parties not to be a penalty and to be a good faith estimate of Seller's actual damages, which damages are difficult to ascertain. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney's fees. The parties hereby agree that all remedies are fair and equitable and neither party will assert the lack of mutuality of remedies as a defense in the event of a dispute.

I. Equal Opportunity. This Property is being sold without regard to race, color, sex, religion, handicap, familial status, or national origin.

J. Termination by Buyer. In the event that Buyer legally and properly invokes his right to terminate this Agreement under any of the provisions contained herein, Buyer shall pay the sum of one hundred dollars (\$100.00) to Seller as consideration for Buyer's said right to terminate, the sufficiency and adequacy of which is hereby acknowledged. Earnest Money shall be disbursed according to the terms stated herein.

K. Severability. If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect.

16. Exhibited and Addenda. All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement. If any such exhibit or addendum conflicts with any preceding paragraph, said exhibit or addendum shall control:

- Exhibit "A" Legal Description
- Exhibit "B" Due Diligence Documents
- Exhibit "C" Addition to Seller's Closing Documents
- Exhibit "D" Seller's Warranties and Representations

Confirmation of Agency Status
Personal Interest Disclosure & Consent



17. **Special Stipulations.** The following Special Stipulations, if conflicting with any preceding paragraph, shall control:

1) This Agreement and the purchase of the Property is subject to multiple Leases.

2) As a matter of disclosure, J.M. Cox, Jr. is a licensed real estate agent with Mitch Cox Realtor, Inc. and as Managing Member of 701 Franklin, LLC will have a personal interest in this project as owner/agent.



April 24, 2013
2:02 pm

18. Method of Execution. The parties agree that signatures and initials transmitted by a facsimile, other photocopy, transmittal, or by transmittal of digital signature as defined by the applicable State or Federal Law will be acceptable and may be treated as originals and that the final Commercial Purchase and Sale Agreement containing all signatures and initials may be executed partially by original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable State or Federal Law.

19. Time Limit of Offer. This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not countered or accepted by 5:00 o'clock ☐ a.m./ ☒ p.m. local time on the 29th day of March, 2013.

LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have any questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

NOTE: Any provisions of this Agreement which are preceded by a box "□" must be marked to be a part of this Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have received a copy of this Agreement.

Buyer hereby makes this offer.

| | | |
|---|---|-------------|
| <input checked="" type="checkbox"/> | BUYER <u>Jeffrey W. Schoondyke</u> | BUYER _____ |
| By: <u>Jeffrey W. Schoondyke</u> | By: _____ | |
| Title: <u>Individual</u> | Title: _____ | |
| _____ at _____ o'clock <input type="checkbox"/> am/ <input type="checkbox"/> pm | _____ at _____ o'clock <input type="checkbox"/> am/ <input type="checkbox"/> pm | |
| Offer Date | Offer Date | |

Seller hereby:

- ☐ **ACCEPTS** – accepts this offer.
- ☐ **COUNTERS** – accepts this offer subject to the attached Counter Offer(s).
- ☐ **REJECTS** this offer and makes no counter offer.

| | |
|---|---|
| SELLER <u>701 Franklin, LLC</u> | SELLER _____ |
| By: <u>J.M. Cox, Jr.</u> | By: _____ |
| Title: <u>Managing Member</u> | Title: _____ |
| _____ at _____ o'clock <input type="checkbox"/> am/ <input type="checkbox"/> pm | _____ at _____ o'clock <input type="checkbox"/> am/ <input type="checkbox"/> pm |
| Date | Date |

Binding Agreement Date. This instrument shall become a "Binding Agreement" on the date ("Binding Agreement Date") the last offeror, or licensee of offeror, receives notice of offeree's acceptance. Notice of acceptance of the final offer was provided on the _____ day of _____, _____ at _____ o'clock by _____ (Name).

For Information Purposes Only:

| | |
|----------------------|--------------------------------|
| <u>N/A</u> | <u>Mitch Cox Realtor, Inc.</u> |
| Listing Company | Selling Company |
| <u>N/A</u> | <u>John Speropulos</u> |
| Independent Licensee | Independent Licensee |

NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. By downloading and/or using this form, you agree and covenant not to alter, amend, or edit said form or its contents except as where provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than standardized forms created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.



11. Section C, Economic Feasibility, Item 4.

Note: The applicant is attaching after this page an updated supplemental Historical Data Chart and notes, pages 37R-38R, amended after further discussions with Soteria Imaging, the ODC's previous owner, about how its 2010-2012 records should be transferred to the HSDA format. Responses below take that into account.

a. Please clarify the reason why there are management fees in the Historical Data Chart but not on the Projected Data Chart.

The ODC was owned in those years by Soteria Imaging, who booked those fees to the ODC under that category, presumably for supporting corporate overhead of the parent company. The ODC is now wholly owned by Mr. Robert Gregory, an individual who is not retaining a management company but is rather managing it himself.

b. Why are professional fees in the amount of \$161,592 in 2014 and \$177,792 in 2015 included on the Projected Data chart listed as "other expenses"?

Those professional fees will be paid to independent physicians for supervising and interpreting the scans. They will contract to do that but that does not make them employees; so the expense is not a physician salary or wage that should be put into line D2.

c. (1) On the Historical Data Chart, please clarify the overall reason "Other expenses" listed on Line D.9 increased from \$321,367 in 2010 to \$1,253,864 in 2012. (2) In addition, why are there twenty-five "other expenses" listed on the Historic Data Chart and only ten listed as "other expenses" on the Projected Data chart?

(1) The large additions in CY2011 and CY2012 for "fixed equipment lease" appear to explain Soteria's large increase in total Other Expenses.

Soteria tells the current owner of the ODC that after 2010, Soteria transferred ownership of the cardiac PET systems from the ODC itself (LifeScan Tennessee) to the Soteria leasing company (LifeScan Leasing). The CY2011-2012 entries reflect the new equipment lease cost to LifeScan Tennessee after CY2010.

2013 APR 24 PM 2 01

SUPPLEMENTAL-#2

April 24, 2013
2:02 pm

HISTORICAL DATA CHART—MOLECULAR IMAGING ALLIANCE/LIFESCAN ODC (CARDIAC PET SERVICE)

Give information for the last three (3) years for which complete data are available for the facility or agency.
The fiscal year begins in January.

| | Year 2010 | Year 2011 | Year 2012 |
|---|--------------|--------------|--------------|
| A. Utilization Data (Cardiac PET procedures) | 342 | 514 | 668 |
| B. Revenue from Services to Patients | | | |
| 1. Inpatient Services | \$ | | |
| 2. Outpatient Services | 1,593,971 | 2,466,844 | 3,200,190 |
| 3. Emergency Services | | | |
| 4. Other Operating Revenue (Specify) See notes | | | |
| Gross Operating Revenue | \$ 1,593,971 | \$ 2,466,844 | \$ 3,200,190 |
| C. Deductions for Operating Revenue | | | |
| 1. Contractual Adjustments | \$ 1,029,423 | 1,543,961 | 1,919,403 |
| 2. Provision for Charity Care | 3,964 | 2,412 | 8,348 |
| 3. Provisions for Bad Debt | 15,860 | 9,648 | 33,393 |
| Total Deductions | \$ 1,049,247 | \$ 1,556,021 | \$ 1,961,144 |
| NET OPERATING REVENUE | \$ 544,724 | \$ 910,823 | \$ 1,239,046 |
| D. Operating Expenses | | | |
| 1. Salaries and Wages | \$ 236,800 | 271,935 | 189,086 |
| 2. Physicians Salaries and Wages | 45,350 | 45,600 | 37,266 |
| 3. Supplies | 203,570 | 117,248 | 105,499 |
| 4. Taxes | 26,922 | 26,829 | 17,252 |
| 5. Depreciation | 119,670 | 106,798 | 91,940 |
| 6. Rent | 33,075 | 30,875 | 33,369 |
| 7. Interest, other than Capital | 1,026 | 559 | 142 |
| 8. Management Fees | | | |
| a. Fees to Affiliates | 68,373 | 75,907 | 127,825 |
| b. Fees to Non-Affiliates | 0 | 0 | 0 |
| 9. Other Expenses (Specify) See notes | 397,545 | 839,624 | 1,371,933 |
| Total Operating Expenses | \$ 1,132,331 | \$ 1,515,375 | \$ 1,974,312 |
| E. Other Revenue (Expenses) -- Net (Specify) | \$ | \$ | \$ |
| NET OPERATING INCOME (LOSS) | \$ (587,607) | \$ (604,552) | \$ (735,266) |
| F. Capital Expenditures | | | |
| 1. Retirement of Principal | \$ | \$ | \$ |
| 2. Interest | | | |
| Total Capital Expenditures | \$ 0 | \$ 0 | \$ 0 |
| NET OPERATING INCOME (LOSS) | | | |
| LESS CAPITAL EXPENDITURES | \$ (587,607) | \$ (604,552) | \$ (735,266) |

2013 APR 24 PM 2 01

HISTORIC DATA CHART
NOTES TO OTHER EXPENSES (LINE D9)

| | CY2010 | | CY2011 | | C2012 |
|---------------------------|---------|--|---------|--|-----------|
| Contracted Services | 7,658 | | 10,470 | | 1,079 |
| Laundry | 4,757 | | 2,731 | | 0 |
| Medical waste disposal | 1,306 | | 1,119 | | 455 |
| Other direct costs | 641 | | 432 | | 452 |
| Contracted labor | 53,364 | | 180 | | -27,893 |
| Other employee benefits | 12,422 | | 17,985 | | 14,364 |
| Cont Education | 0 | | 0 | | 50 |
| Meals and Ent | 6,468 | | 1,043 | | 704 |
| Postage | 320 | | 1,276 | | 103 |
| Shipping and delivery | 1,451 | | 170 | | 45 |
| Advertising marketing | 2,416 | | | | 0 |
| Gifts | 49 | | | | 0 |
| Travel | 28,028 | | 5,448 | | 3,742 |
| Auto expense | 9,054 | | 1,062 | | 1,618 |
| Subscription | 262 | | 174 | | 34 |
| Charitable cont | 1,250 | | | | |
| Common area maint | 5,100 | | 5,100 | | 5,100 |
| Utilities | 24,503 | | 18,656 | | 30,243 |
| Office expense | 6,537 | | 4,282 | | 4,873 |
| Service contracts | 76,635 | | 39,758 | | 4,100 |
| Repairs and maintenance | 66,613 | | 14,026 | | 5,871 |
| Radiological Fees | 48,511 | | 75,412 | | 102,732 |
| Bank and Credit Card Fees | 309 | | 629 | | 1,708 |
| Professional Fees | 4,911 | | 6,101 | | 5,749 |
| Accounting/Audit Fees | 2,875 | | 2,950 | | 4,225 |
| Legal Fees | 19,481 | | 20,435 | | 3,655 |
| Insurance | 8,424 | | 11,845 | | 13,127 |
| Licenses | 3,553 | | 3,003 | | 5,328 |
| Equipment lease exp | 556 | | 335 | | 465 |
| Fixed equipment lease | | | 595,002 | | 1,190,004 |
| TOTAL | 397,454 | | 839,624 | | 1,371,933 |

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(2) The data in the Historic Data Chart were entered into the HSDA format from Soteria Imaging's internal income and expense statements. "Other Expense" itemized categories are expenses reported by Soteria that do not fit into any other lines of the HSDA chart format. Soteria elected to book those expenses into a large number of separate categories.

The current owner's Projected Data Chart has fewer "Other Expense" categories for two reasons. First, the current owner bundles ODC expenses into fewer itemized categories of expense. For example, this owner bundles into its "General Office" category the office expenses Soteria itemized separately as postage, shipping, subscriptions, laundry, waste disposal, etc. Second, the applicant does not intend to incur some of the expenses Soteria had, such as auto expenses, common area maintenance costs, continuing education, service contracts on the system, travel, etc.

d. Please explain the fluctuation on the Historical Data Chart on page 39 (Notes to other Expenses) of the line item listed as "Contracted Labor" for the years 2010 (\$53,364), 2011 (\$180.00) and 2012 (\$-27,893).

According to Soteria, the previous owner, those three entries reflected nurses assigned to the ODC by Mountain States Health Alliance/Johnson City Medical Center when they were minority owners in the LLC. In 2010 the nurses were paid by the ODC as contract labor. In 2011 that cost was almost entirely paid by Mountain States rather than the ODC. In 2012 there was an adjustment of the previously recorded ODC's expenses in 2010 through 2012, in the amount shown.

e. Please indicate if the cost of radiopharmaceuticals were factored in the Projected Data Chart.

They are included in the supplies line, at a cost of \$190 for the radiopharmaceutical for every patient, and a cost of \$223 for the pharmacologic stress agent that is administered to many patients.

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f. If the applicant had a cyclotron on-site what would be the impact on Project Costs and the Projected Data Chart.

This is not a calculation that the applicant has made, or needs to make. Cyclotrons and radiopharmacies are so expensive to establish and to staff that the applicant's acquisition and operation of one just for this project would make the project financially unfeasible. There is not a need for an additional cyclotron in the service area so long as this one performs so efficiently and dependably for area providers with whom it has long-established relationships.

12. Section C, Economic Feasibility, Item 10.

The income statement of the applicant is noted. Please provide a Balance Sheet from the most recent reporting period.

Our copies of the filing indicate that it was included as the first page in Attachment C--Economic Feasibility--10, immediately preceding the LifeScan income statement. Please note that this is the CY2012 balance sheet provided by Soteria, the prior ODC owner until late December 2012. The applicant cannot be responsible for it.

13. Section C, Orderly Development, Item 3.

The proposed salary ranges for the Registered Nurse and Nuclear Medicine Tech appears to be below the mean TDOL surveyed salaries for the proposed service area. Please clarify.

Attached following this page are revised pages 49R and 50R, with more detailed and current data, and with the error in the RN salary range corrected.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn
Consultant

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for Table Fourteen, projected FTE's and salary ranges.

The Department of Labor and Workforce Development website indicates the following annual salary information in the area, for clinical employees of the type to be employed in this project:

| Table Thirteen: TDOL Surveyed Average Salaries for the Service Area | | | | |
|---|-------------|----------|----------|-------------|
| Position | Entry Level | Median | Mean | Experienced |
| RN | \$40,450 | \$56,050 | \$57,870 | \$66,590 |
| Nuclear Med. Tech* | \$54,290 | \$59,210 | \$60,050 | \$62,940 |

**This position was not surveyed in the Johnson City region. Data here is for Kingsport area, the closest comparable market.*

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Table Fourteen: ODC Staffing Requirements (Supplemental)
Molecular Imaging Alliance Cardiac PET ODC (Johnson City)

| Position Type (RN, etc.) | Current FTE's | Year One FTE's | Year Two FTE's | Salary Range (Annual) |
|--|---------------|----------------|----------------|-----------------------|
| Clinical Director (Nuclear Med Tech) | 1.00 | 1.00 | 1.00 | \$60,000-\$70,000 |
| RN | 1.00 | 1.00 | 1.00 | \$41,000-\$67,000 |
| Nuclear Med Tech--contract Part-time | 0.25 | 0.33 | 1.00 | \$55,000-\$63,000 |
| Clerical | 0.25 | 0.25 | 0.30 | \$20,000-\$27,000 |
| Facility Supervision--contract Part-time | 0.25 | 0.50 | 0.50 | \$10,000-\$12,000 |
| | | | | |
| | | | | |
| | | | | |
| Total FTE's | 2.75 | 3.08 | 3.80 | |

Source: ODC Management

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STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

Molecular Imaging Alliance

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 24 day of APRIL, 2013, witness my hand at office in the County of DAVIDSON, State of Tennessee.

[Signature]
NOTARY PUBLIC

My commission expires 1-11 - 2017.

HF-0043

Revised 7/02

